



HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2017
OF THE CONDITION AND AFFAIRS OF THE

Harvard Pilgrim Health Care, Inc.

NAIC Group Code05950595NAIC Company Code96911Employer's ID Number04-2452600
(Current)(Prior)

Organized under the Laws ofMassachusetts, State of Domicile or Port of EntryMA

Country of DomicileUnited States of America

Licensed as business type:Health Maintenance Organization

Is HMO Federally Qualified? Yes [X] No []

Incorporated/Organized02/11/1969Commenced Business02/11/1969

Statutory Home Office93 Worcester StreetWellesley , MA, US 02481-9181
(Street and Number)(City or Town, State, Country and Zip Code)

Main Administrative Office93 Worcester StreetWellesley , MA, US 02481-9181781-263-6000
(Street and Number)(City or Town, State, Country and Zip Code)(Area Code) (Telephone Number)

Mail Address93 Worcester StreetWellesley , MA, US 02481-9181
(Street and Number or P.O. Box)(City or Town, State, Country and Zip Code)

Primary Location of Books and Records93 Worcester StreetWellesley , MA, US 02481-9181617-509-5697
(Street and Number)(City or Town, State, Country and Zip Code)(Area Code) (Telephone Number)

Internet Website Addresswww.hphc.org

Statutory Statement ContactKevin O'Connor617-509-5697
(Name)(Area Code) (Telephone Number)

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OFFICERS

President and Chief Executive OfficerEric Hinman SchultzClerk/Secretary and Chief Legal OfficerTisa Kramer Hughes

Chief Financial Officer and TreasurerCharles Robert Goheen

OTHER

Michelle Joy Clayman, Assistant Treasurer

DIRECTORS OR TRUSTEES

Earl Wayne Baucom	Shelby Michael Chodos	Susan Vercillo Duprey
Scott Sears Hartz	Myechia Minter-Jordan, M.D.	Joyce Anne Murphy, Chair #
Joseph Francis O'Donnell, M.D.	Eric Hinman Schultz	Michael Joseph Shea, Vice Chair #
Mary Ann Tocio	Hedwig Veith Whitney	Raymond Pawlicki

State ofMassachusettsSS:

County ofNorfolk

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Eric Hinman SchultzCharles Robert GoheenTisa Kramer Hughes
President and Chief Executive OfficerChief Financial Officer and TreasurerClerk/Secretary and Chief Legal Officer

Subscribed and sworn to before me thisa. Is this an original filing?Yes [X] No []
day ofFebruary, 2018b. If no,
1. State the amendment number.....
2. Date filed
3. Number of pages attached.....

Susan Greaney
Notary Public
08/10/2023

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1. Bonds (Schedule D)	282,232,057		282,232,057	281,779,690
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	0
2.2 Common stocks	376,450,666	512,126	375,938,540	353,034,457
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$0 encumbrances)	21,971,114		21,971,114	23,088,576
4.2 Properties held for the production of income (less \$0 encumbrances)			0	0
4.3 Properties held for sale (less \$0 encumbrances)			0	0
5. Cash (\$28,814,936 , Schedule E - Part 1), cash equivalents (\$13,604,522 , Schedule E - Part 2) and short-term investments (\$0 , Schedule DA)	42,419,458		42,419,458	64,948,565
6. Contract loans, (including \$ premium notes)			0	0
7. Derivatives (Schedule DB)			0	0
8. Other invested assets (Schedule BA)	64,394,765		64,394,765	52,370,416
9. Receivables for securities			0	750,000
10. Securities lending reinvested collateral assets (Schedule DL)			0	0
11. Aggregate write-ins for invested assets	917,487	0	917,487	1,384,983
12. Subtotals, cash and invested assets (Lines 1 to 11)	788,385,547	512,126	787,873,421	777,356,687
13. Title plants less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	1,539,167		1,539,167	1,477,969
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	12,319,217	1,588,118	10,731,099	10,617,954
15.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)			0	5,423,832
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	1,451,310		1,451,310	6,806,579
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts			0	0
17. Amounts receivable relating to uninsured plans	53,825,285	1,443,471	52,381,814	42,258,225
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset			0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software	74,605,063	69,976,738	4,628,325	4,614,005
21. Furniture and equipment, including health care delivery assets (\$)	7,853,687	7,853,687	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates	20,563,208		20,563,208	19,418,996
24. Health care (\$17,180,787) and other amounts receivable	40,042,340	5,317,811	34,724,529	32,993,732
25. Aggregate write-ins for other than invested assets	12,224,143	8,283,130	3,941,013	3,837,195
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	1,012,808,967	94,975,081	917,833,886	904,805,174
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	1,012,808,967	94,975,081	917,833,886	904,805,174
DETAILS OF WRITE-INS				
1101. Deposits	917,487		917,487	1,384,983
1102.			0	
1103.			0	
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	917,487	0	917,487	1,384,983
2501. Prepaid Expenses and Other Assets	12,224,143	8,283,130	3,941,013	3,837,195
2502.			0	0
2503.			0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	12,224,143	8,283,130	3,941,013	3,837,195

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total
1. Claims unpaid (less \$0 reinsurance ceded)	109,333,927		109,333,927	119,537,145
2. Accrued medical incentive pool and bonus amounts	45,787,532		45,787,532	39,312,914
3. Unpaid claims adjustment expenses	1,504,182		1,504,182	1,684,804
4. Aggregate health policy reserves, including the liability of \$0 for medical loss ratio rebate per the Public Health Service Act	11,431,410		11,431,410	5,717,192
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	47,848,921		47,848,921	54,385,605
9. General expenses due or accrued	59,832,433		59,832,433	74,572,088
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	620,230
12. Amounts withheld or retained for the account of others	254,823		254,823	39,115
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$30,000,000 current) and interest thereon \$16,358 (including \$16,358 current)	30,016,358		30,016,358	24,803,712
15. Amounts due to parent, subsidiaries and affiliates	738,353		738,353	5,056,992
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$0 unauthorized reinsurers and \$0 certified reinsurers)			0	0
20. Reinsurance in unauthorized and certified (\$) companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	107,707,882		107,707,882	88,018,021
23. Aggregate write-ins for other liabilities (including \$ current)	25,570,561	0	25,570,561	34,255,299
24. Total liabilities (Lines 1 to 23)	440,026,382	0	440,026,382	448,003,117
25. Aggregate write-ins for special surplus funds	XXX	XXX	17,467,664	0
26. Common capital stock	XXX	XXX		
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX		
29. Surplus notes	XXX	XXX	413,795	280,061
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	459,926,045	456,521,996
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	XXX	XXX		
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	477,807,504	456,802,057
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	917,833,886	904,805,174
DETAILS OF WRITE-INS				
2301. Quincy Mortgage	19,200,000		19,200,000	29,000,000
2302. Accrued Long Term Expenses	5,399,512		5,399,512	4,360,785
2303. Deferred Rent	971,049		971,049	894,514
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	25,570,561	0	25,570,561	34,255,299
2501. ACA Industry Fee – Data Year	XXX	XXX	17,467,664	0
2502.	XXX	XXX		0
2503.	XXX	XXX		0
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	XXX	XXX	17,467,664	0
3001.	XXX	XXX		0
3002.	XXX	XXX		0
3003.	XXX	XXX		0
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	3,157,512	3,633,400
2. Net premium income (including \$ non-health premium income)	XXX	1,647,130,015	1,773,056,585
3. Change in unearned premium reserves and reserve for rate credits	XXX	0	9,225,352
4. Fee-for-service (net of \$ medical expenses)	XXX	0	
5. Risk revenue	XXX	0	
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	1,647,130,015	1,782,281,937
Hospital and Medical:			
9. Hospital/medical benefits		1,067,190,788	1,184,362,147
10. Other professional services		39,825,051	44,306,801
11. Outside referrals		44,904,250	43,956,438
12. Emergency room and out-of-area		18,954,114	18,958,665
13. Prescription drugs		234,458,341	254,667,510
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		58,922,958	39,057,735
16. Subtotal (Lines 9 to 15)	0	1,464,255,502	1,585,309,296
Less:			
17. Net reinsurance recoveries		2,383,145	2,196,030
18. Total hospital and medical (Lines 16 minus 17)	0	1,461,872,357	1,583,113,266
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$19,688,827 cost containment expenses		44,379,742	41,288,558
21. General administrative expenses		161,601,313	179,728,391
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)		764,522	(692,553)
23. Total underwriting deductions (Lines 18 through 22).....	0	1,668,617,934	1,803,437,662
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(21,487,919)	(21,155,725)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		10,615,093	10,288,696
26. Net realized capital gains (losses) less capital gains tax of \$		10,274,365	38,306,136
27. Net investment gains (losses) (Lines 25 plus 26)	0	20,889,458	48,594,832
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			
29. Aggregate write-ins for other income or expenses	0	(7,645,715)	(8,986,085)
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(8,244,176)	18,453,022
31. Federal and foreign income taxes incurred	XXX		
32. Net income (loss) (Lines 30 minus 31)	XXX	(8,244,176)	18,453,022
DETAILS OF WRITE-INS			
0601.	XXX		0
0602.	XXX		0
0603.	XXX		0
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX	0	0
0701.	XXX		0
0702.	XXX		0
0703.	XXX		0
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above)	XXX	0	0
1401.			0
1402.			0
1403.			0
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	0	0	0
2901. Miscellaneous & Other Income/(Expense)		(7,645,715)	(8,986,085)
2902.			0
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	0	(7,645,715)	(8,986,085)

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year.....	456,802,057	458,118,109
34. Net income or (loss) from Line 32	(8,244,176)	18,453,022
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	18,343,344	(59,641,949)
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	11,388,484	54,695,199
40. Change in unauthorized and certified reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	133,734	(19,466,265)
43. Cumulative effect of changes in accounting principles.....		
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0
44.3 Transferred to surplus.....		
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus	(615,939)	4,643,941
48. Net change in capital and surplus (Lines 34 to 47)	21,005,447	(1,316,052)
49. Capital and surplus end of reporting period (Line 33 plus 48)	477,807,504	456,802,057
DETAILS OF WRITE-INS		
4701. Change in net prior service costs and recognized loss for postretirement medical plan	(615,939)	4,643,941
4702.		0
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	(615,939)	4,643,941

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	1,650,679,289	1,779,438,545
2. Net investment income	12,056,513	12,636,419
3. Miscellaneous income	(6,929,542)	4,361,188
4. Total (Lines 1 through 3)	1,655,806,260	1,796,436,152
5. Benefit and loss related payments	1,457,747,669	1,570,407,647
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	183,747,367	165,535,765
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	1,641,495,036	1,735,943,413
11. Net cash from operations (Line 4 minus Line 10)	14,311,224	60,492,739
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	62,103,290	99,243,392
12.2 Stocks	24,159,500	17,118,300
12.3 Mortgage loans	0	0
12.4 Real estate	0	35,159,470
12.5 Other invested assets	6,013,612	2,245,271
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	1,217,496	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	93,493,898	153,766,433
13. Cost of investments acquired (long-term only):		
13.1 Bonds	64,026,164	6,783,757
13.2 Stocks	18,469,519	95,122,601
13.3 Mortgage loans	0	0
13.4 Real estate	13,287	0
13.5 Other invested assets	18,025,690	35,073,719
13.6 Miscellaneous applications	0	1,716,906
13.7 Total investments acquired (Lines 13.1 to 13.6)	100,534,661	138,696,983
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(7,040,762)	15,069,450
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	133,734	(9,666,265)
16.2 Capital and paid in surplus, less treasury stock	0	0
16.3 Borrowed funds	5,212,646	(15,007,655)
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied)	(35,145,949)	(59,591,868)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(29,799,569)	(84,265,788)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(22,529,108)	(8,703,599)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	64,948,565	73,652,164
19.2 End of year (Line 18 plus Line 19.1)	42,419,458	64,948,565

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001.Reclassification of surplus notes to borrowed money		9,800,000
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ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Harvard Pilgrim Health Care, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	1,647,130,015	1,583,093,194					64,036,821			
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	1,647,130,015	1,583,093,194	0	0	0	0	64,036,821	0	0	0
8. Hospital/medical benefits	1,067,190,788	1,017,080,789					50,109,999			XXX
9. Other professional services	39,825,051	39,101,338					723,713			XXX
10. Outside referrals	44,904,250	42,695,788					2,208,462			XXX
11. Emergency room and out-of-area	18,954,114	18,021,921					932,193			XXX
12. Prescription drugs	234,458,341	228,294,640					6,163,701			XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	58,922,958	58,203,938					719,020			XXX
15. Subtotal (Lines 8 to 14)	1,464,255,502	1,403,398,414	0	0	0	0	60,857,088	0	0	XXX
16. Net reinsurance recoveries	2,383,145	2,383,145								XXX
17. Total medical and hospital (Lines 15 minus 16)	1,461,872,357	1,401,015,269	0	0	0	0	60,857,088	0	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$19,688,827 cost containment expenses	44,379,742	39,886,117					4,493,625			
20. General administrative expenses	161,601,313	127,660,093					10,587,688		23,353,532	
21. Increase in reserves for accident and health contracts	764,522						764,522			XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	1,668,617,934	1,568,561,479	0	0	0	0	76,702,923	0	23,353,532	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	(21,487,919)	14,531,715	0	0	0	0	(12,666,102)	0	(23,353,532)	0
DETAILS OF WRITE-INS										XXX
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)	1,583,849,551		756,357	1,583,093,194
2. Medicare Supplement				0
3. Dental only				0
4. Vision only				0
5. Federal Employees Health Benefits Plan	0			0
6. Title XVIII - Medicare	64,043,270		6,449	64,036,821
7. Title XIX - Medicaid	0			0
8. Other health				0
9. Health subtotal (Lines 1 through 8)	1,647,892,821	0	762,806	1,647,130,015
10. Life	0			0
11. Property/casualty	0			0
12. Totals (Lines 9 to 11)	1,647,892,821	0	762,806	1,647,130,015

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	1,412,273,211	1,355,885,993					56,387,218			
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	7,738,414	7,738,414								
1.4 Net	1,404,534,797	1,348,147,579	0	0	0	0	56,387,218	0	0	0
2. Paid medical incentive pools and bonuses	52,448,340	52,122,980					325,360			
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	109,333,927	101,771,077	0	0	0	0	7,562,850	0	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	109,333,927	101,771,077	0	0	0	0	7,562,850	0	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0									
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	45,787,532	44,435,417					1,352,115			
6. Net healthcare receivables (a)	(3,262,544)	(4,055,068)					792,524			
7. Amounts recoverable from reinsurers December 31, current year	1,451,310	1,451,310								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	119,537,145	116,517,669	0	0	0	0	3,019,476	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	119,537,145	116,517,669	0	0	0	0	3,019,476	0	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0									
9.2 Reinsurance assumed	0									
9.3 Reinsurance ceded	0									
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	39,312,914	38,354,458					958,456			
11. Amounts recoverable from reinsurers December 31, prior year	6,806,579	6,806,579					0			
12. Incurred Benefits:										
12.1 Direct	1,405,332,537	1,345,194,469	0	0	0	0	60,138,068	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	2,383,145	2,383,145	0	0	0	0	0	0	0	0
12.4 Net	1,402,949,392	1,342,811,324	0	0	0	0	60,138,068	0	0	0
13. Incurred medical incentive pools and bonuses	58,922,958	58,203,939	0	0	0	0	719,019	0	0	0

(a) Excludes \$ loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	34,634,835	34,634,835								
1.2 Reinsurance assumed .....	.0									
1.3 Reinsurance ceded .....	.0									
1.4 Net	34,634,835	34,634,835	.0	.0	.0	.0	.0	.0	.0	.0
2. Incurred but Unreported:										
2.1 Direct	72,778,590	65,215,740					7,562,850			
2.2 Reinsurance assumed .....	.0									
2.3 Reinsurance ceded .....	.0									
2.4 Net	72,778,590	65,215,740	.0	.0	.0	.0	7,562,850	.0	.0	.0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct	1,920,502	1,920,502								
3.2 Reinsurance assumed .....	.0									
3.3 Reinsurance ceded .....	.0									
3.4 Net	1,920,502	1,920,502	.0	.0	.0	.0	.0	.0	.0	.0
4. TOTALS:										
4.1 Direct	109,333,927	101,771,077	.0	.0	.0	.0	7,562,850	.0	.0	.0
4.2 Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.3 Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.4 Net	109,333,927	101,771,077	0	0	0	0	7,562,850	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred In Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1	2	3	4		
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	75,696,455	1,277,806,392	3,532,803	98,238,276	79,229,258	116,517,669
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare	2,237,666	54,149,552	78,102	7,484,748	2,315,768	3,019,476
7. Title XIX - Medicaid					0	0
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	77,934,121	1,331,955,944	3,610,905	105,723,024	81,545,026	119,537,145
10. Healthcare receivables (a)	3,629,336	13,814,471			3,629,336	20,706,348
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts	34,626,745	17,821,596	8,867,373	36,920,158	43,494,118	39,312,914
13. Totals (Lines 9 - 10 + 11 + 12)	108,931,530	1,335,963,069	12,478,278	142,643,182	121,409,808	138,143,711

(a) Excludes \$ loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Comprehensive (Hospital & Medical)

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	137,785	139,845	139,574	139,815	139,815
2.	2013	1,456,186	1,553,307	1,552,576	1,553,772	1,553,772
3.	2014	XXX	1,329,851	1,435,156	1,439,004	1,439,311
4.	2015	XXX	XXX	1,388,666	1,486,219	1,487,812
5.	2016	XXX	XXX	XXX	1,453,546	1,561,970
6.	2017	XXX	XXX	XXX	XXX	1,295,303

Section B - Incurred Health Claims - Comprehensive (Hospital & Medical)

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	146,852	140,281	139,574	139,815	139,815
2.	2013	1,593,898	1,559,476	1,552,576	1,553,842	1,553,772
3.	2014	XXX	1,451,994	1,445,647	1,439,004	1,439,311
4.	2015	XXX	XXX	1,527,718	1,497,441	1,487,974
5.	2016	XXX	XXX	XXX	1,597,126	1,573,654
6.	2017	XXX	XXX	XXX	XXX	1,429,664

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital & Medical)

Years in which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payment	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	(Col. 9/1) Percent
1.	2013	1,785,957	1,553,772	48,735	3.1	1,602,507	89.7			1,602,507	89.7
2.	2014	1,644,912	1,439,311	44,839	3.1	1,484,150	90.2			1,484,150	90.2
3.	2015	1,678,589	1,487,812	39,347	2.6	1,527,159	91.0	162	2	1,527,323	91.0
4.	2016	1,762,760	1,561,970	39,382	2.5	1,601,352	90.8	11,684	111	1,613,147	91.5
5.	2017	1,583,093	1,295,303	34,863	2.7	1,330,166	84.0	134,361	1,276	1,465,803	92.6

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Title XVIII

Year in Which Losses Were Incurred						Cumulative Net Amounts Paid				
						1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior					0	(49)	289	(39)	(39)
2.	2013							(19)	167	167
3.	2014					XXX	888	1,279	1,195	1,195
4.	2015					XXX	XXX	4,079	4,654	4,296
5.	2016					XXX	XXX	XXX	19,926	22,522
6.	2017					XXX	XXX	XXX	XXX	54,475

Section B - Incurred Health Claims - Title XVIII

Year in Which Losses Were Incurred						Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
						1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior					0	(49)	289	(39)	(39)
2.	2013							(19)	167	167
3.	2014					XXX	1,287	1,286	1,195	1,195
4.	2015					XXX	XXX	5,395	5,183	4,296
5.	2016					XXX	XXX	XXX	23,375	23,155
6.	2017					XXX	XXX	XXX	XXX	62,757

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XVIII

Years in which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1.	2013	0	167	78	46.7	245	0.0			245	0.0
2.	2014	235	1,195	730	61.1	1,925	819.1			1,925	819.1
3.	2015	5,481	4,296	543	12.6	4,839	88.3			4,839	88.3
4.	2016	19,522	22,522	2,284	10.1	24,806	127.1	633		25,439	130.3
5.	2017	64,037	54,475	3,898	7.2	58,373	91.2	8,282	116	66,771	104.3

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	137,785	139,796	139,863	139,776	139,776
2.	2013	1,456,186	1,553,307	1,552,557	1,553,939	1,553,939
3.	2014	XXX	1,330,739	1,436,435	1,440,199	1,440,506
4.	2015	XXX	XXX	1,392,745	1,490,873	1,492,108
5.	2016	XXX	XXX	XXX	1,473,472	1,584,492
6.	2017	XXX	XXX	XXX	XXX	1,349,778

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2013	2 2014	3 2015	4 2016	5 2017
1.	Prior	146,852	140,232	139,863	139,776	139,776
2.	2013	1,593,898	1,559,476	1,552,557	1,554,009	1,553,939
3.	2014	XXX	1,453,281	1,446,933	1,440,199	1,440,506
4.	2015	XXX	XXX	1,533,113	1,502,624	1,492,270
5.	2016	XXX	XXX	XXX	1,620,501	1,596,809
6.	2017	XXX	XXX	XXX	XXX	1,492,421

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2013	1,785,957	1,553,939	48,813	3.1	1,602,752	89.7	0	0	1,602,752	89.7
2. 2014	1,645,147	1,440,506	45,569	3.2	1,486,075	90.3	0	0	1,486,075	90.3
3. 2015	1,684,070	1,492,108	39,890	2.7	1,531,998	91.0	162	2	1,532,162	91.0
4. 2016	1,782,282	1,584,492	41,666	2.6	1,626,158	91.2	12,317	111	1,638,586	91.9
5. 2017	1,647,130	1,349,778	38,761	2.9	1,388,539	84.3	142,643	1,392	1,532,574	93.0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves	0								
2. Additional policy reserves (a)	2,424,230						2,424,230		
3. Reserve for future contingent benefits	0								
4. Reserve for rate credits or experience rating refunds (including \$) for investment income	9,007,180	9,007,180							
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	11,431,410	9,007,180	0	0	0	0	2,424,230	0	0
7. Reinsurance ceded	0								
8. Totals (Net)(Page 3, Line 4)	11,431,410	9,007,180	0	0	0	0	2,424,230	0	0
9. Present value of amounts not yet due on claims	0								
10. Reserve for future contingent benefits	0								
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded	0								
14. Totals (Net)(Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$2,424,230 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

	Claim Adjustment Expenses		3	4	5
	1	2			
	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$ for occupancy of own building)	735,274	711,311	2,482,339		3,928,924
2. Salary, wages and other benefits	16,052,676	15,529,524	54,195,032		85,777,232
3. Commissions (less \$ ceded plus \$ assumed)			38,175,741		38,175,741
4. Legal fees and expenses	136,149	131,712	459,650		727,511
5. Certifications and accreditation fees	5,139	4,971	17,348		27,458
6. Auditing, actuarial and other consulting services	4,042,365	3,910,626	13,647,327		21,600,318
7. Traveling expenses	262,335	253,786	885,664		1,401,785
8. Marketing and advertising			2,555,643		2,555,643
9. Postage, express and telephone	713,259	690,014	2,408,015		3,811,288
10. Printing and office supplies	258,804	250,370	873,741		1,382,915
11. Occupancy, depreciation and amortization	523,922	506,848	1,768,801		2,799,571
12. Equipment	61,044	59,054	206,088		326,186
13. Cost or depreciation of EDP equipment and software	3,848,779	3,723,348	12,993,765		20,565,892
14. Outsourced services including EDP, claims, and other services	15,754,707	15,241,266	53,462,945		84,458,918
15. Boards, bureaus and association fees					0
16. Insurance, except on real estate	56,074	54,247	189,310		299,631
17. Collection and bank service charges					0
18. Group service and administration fees					0
19. Reimbursements by uninsured plans	(23,841,164)	(17,420,446)	(34,753,316)		(76,014,926)
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes	96,738	93,585	326,595		516,918
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					0
23.2 State premium taxes			2,811,910		2,811,910
23.3 Regulatory authority licenses and fees			5,576,961		5,576,961
23.4 Payroll taxes	874,359	845,864	2,951,900		4,672,123
23.5 Other (excluding federal income and real estate taxes)					0
24. Investment expenses not included elsewhere				1,908,292	1,908,292
25. Aggregate write-ins for expenses	108,367	104,835	365,854	0	579,056
26. Total expenses incurred (Lines 1 to 25)	19,688,827	24,690,915	161,601,313	1,908,292	(a) .....207,889,347
27. Less expenses unpaid December 31, current year ..		1,504,182	59,832,433		61,336,615
28. Add expenses unpaid December 31, prior year		1,684,804	74,572,088		76,256,892
29. Amounts receivable relating to uninsured plans, prior year			43,058,087		43,058,087
30. Amounts receivable relating to uninsured plans, current year			53,825,285		53,825,285
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	19,688,827	24,871,537	187,108,166	1,908,292	233,576,822
DETAILS OF WRITE-INS					
2501. Miscellaneous Expenses	108,367	104,835	365,854		579,056
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	108,367	104,835	365,854	0	579,056

(a) Includes management fees of \$ to affiliates and \$ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. government bonds	(a) .....189,257	.....173,860
1.1	Bonds exempt from U.S. tax	(a) .....	.....
1.2	Other bonds (unaffiliated)	(a) .....6,719,315	.....6,786,606
1.3	Bonds of affiliates	(a) .....	.....
2.1	Preferred stocks (unaffiliated)	(b) .....	.....
2.11	Preferred stocks of affiliates	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....3,956,790	.....3,956,790
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c) .....	.....
4.	Real estate	(d) .....	.....
5	Contract Loans .....	.....	.....
6	Cash, cash equivalents and short-term investments	(e) .....212,039	.....221,343
7	Derivative instruments	(f) .....	.....
8.	Other invested assets .....	.....2,818,552	.....2,818,552
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income	13,895,953	13,957,152
11.	Investment expenses		(g) .....1,908,292
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g) .....0
13.	Interest expense		(h) .....1,433,767
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....3,342,059
17.	Net investment income (Line 10 minus Line 16)		10,615,093
DETAILS OF WRITE-INS			
0901.	.....	
0902.	.....	
0903.	.....	
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)		0

- (a) Includes \$87,092 accrual of discount less \$1,589,710 amortization of premium and less \$132,480 paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$. investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	.....0	.....0	.....0	.....0	.....0
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....0	.....	.....
1.2	Other bonds (unaffiliated) .....	.....3,043	.....0	.....3,043	.....29,068	.....0
1.3	Bonds of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.1	Preferred stocks (unaffiliated) .....	.....0	.....0	.....0	.....0	.....0
2.11	Preferred stocks of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.2	Common stocks (unaffiliated) .....	.....12,093,769	.....0	.....12,093,769	.....13,123,427	.....0
2.21	Common stocks of affiliates .....	.....0	.....0	.....0	.....3,398,821	.....0
3.	Mortgage loans .....	.....	.....0	.....0	.....0	.....0
4.	Real estate .....	.....(42,733)	.....0	.....(42,733)	.....	.....0
5.	Contract loans .....	.....	.....	.....0	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....0	.....	.....
7.	Derivative instruments .....	.....	.....	.....0	.....	.....
8.	Other invested assets .....	.....13,169	.....(1,792,883)	.....(1,779,714)	.....1,791,985	.....0
9.	Aggregate write-ins for capital gains (losses) .....	.....0	.....0	.....0	.....0	.....0
10.	Total capital gains (losses)	12,067,248	(1,792,883)	10,274,365	18,343,301	0
DETAILS OF WRITE-INS						
0901.	.....				
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT OF NON-ADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			0
2. Stocks (Schedule D):			
2.1 Preferred stocks			0
2.2 Common stocks	512,126	490,172	(21,954)
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			0
3.2 Other than first liens.....			0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			0
4.2 Properties held for the production of income.....			0
4.3 Properties held for sale			0
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			0
6. Contract loans			0
7. Derivatives (Schedule DB)			0
8. Other invested assets (Schedule BA)			0
9. Receivables for securities			0
10. Securities lending reinvested collateral assets (Schedule DL)			0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	512,126	490,172	(21,954)
13. Title plants (for Title insurers only)			0
14. Investment income due and accrued			0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection	1,588,118	1,269,401	(318,717)
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
15.3 Accrued retrospective premiums and contracts subject to redetermination			0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			0
16.2 Funds held by or deposited with reinsured companies			0
16.3 Other amounts receivable under reinsurance contracts			0
17. Amounts receivable relating to uninsured plans	1,443,471	799,862	(643,609)
18.1 Current federal and foreign income tax recoverable and interest thereon			0
18.2 Net deferred tax asset			0
19. Guaranty funds receivable or on deposit			0
20. Electronic data processing equipment and software	69,976,738	84,239,185	14,262,447
21. Furniture and equipment, including health care delivery assets	7,853,687	9,787,745	1,934,058
22. Net adjustment in assets and liabilities due to foreign exchange rates			0
23. Receivable from parent, subsidiaries and affiliates		0	0
24. Health care and other amounts receivable	5,317,811	3,381,607	(1,936,204)
25. Aggregate write-ins for other than invested assets	8,283,130	6,395,593	(1,887,537)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	94,975,081	106,363,565	11,388,484
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28. Total (Lines 26 and 27)	94,975,081	106,363,565	11,388,484
DETAILS OF WRITE-INS			
1101.		0	0
1102.		0	0
1103.		0	0
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501. Prepaid Expenses and Other Assets	8,283,130	6,395,593	(1,887,537)
2502.		0	0
2503.		0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	8,283,130	6,395,593	(1,887,537)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations	245,778	243,995	230,084	220,666	218,470	2,775,784
2. Provider Service Organizations						
3. Preferred Provider Organizations	40,785	30,776	29,385	29,232	28,503	357,483
4. Point of Service	899	1,445	1,627	2,543	3,165	24,245
5. Indemnity Only						
6. Aggregate write-ins for other lines of business.....	0	0	0	0	0	0
7. Total	287,462	276,216	261,096	252,441	250,138	3,157,512
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

1. Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The accompanying financial statements of Harvard Pilgrim Health Care, Inc. ("Harvard Pilgrim" or the "Company") have been prepared in accordance with the National Association of Insurance Commissioners ("NAIC") Accounting Practices and Procedures Manual for statutory accounting principles ("NAIC SAP"), which do not differ from the accounting practices prescribed or permitted by the Division of Insurance of the Commonwealth of Massachusetts.

Harvard Pilgrim's net income and capital and surplus, based on NAIC SAP and practices prescribed and permitted by the Commonwealth of Massachusetts, are shown below:

	SSAP #	F/S Page	F/S Line #	2017	2016
NET INCOME (LOSS)					
(1) State basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	\$ (8,244,176)	\$ 18,453,022
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP:					
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP:					
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	\$ (8,244,176)	\$ 18,453,022
SURPLUS					
(5) State basis (Page 3, Line 33, Columns 3 & 4)	XXX	XXX	XXX	\$477,807,504	\$456,802,057
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP:					
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP:					
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	\$477,807,504	\$456,802,057

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in accordance with NAIC SAP requires that management make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. The methods and assumptions used for making such estimates are reviewed regularly. Actual results could differ from those estimates. The claims unpaid liability, accrued medical incentive pool liability, valuation of investments, medical loss ratio rebate accrual ("MLR"), and accruals for risk-sharing provisions under the Federal Affordable Care Act ("ACA") represent the Company's most significant estimates.

C. Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents include amounts on deposit with banks and government and corporate debt issues with original maturities of three months or less. Money market mutual funds registered under the Investment Company Act of 1940 and regulated under rule 2a-7 of the Act shall be accounted for and reported as cash equivalents.

Bonds and Preferred Stock

Investments in bonds and preferred stock are stated at amortized cost or the lower of amortized cost or fair value based on their NAIC designation. Investments in bonds are primarily comprised of government and corporate debt issues and asset-backed/mortgage-backed securities. Realized gains and losses are determined using the specific identification method and are included in investment income. Investment income is reported net of expenses related to the management and custody of investments.

Loan-backed Securities

Loan-backed securities are reported at cost upon acquisition, and amortization of premium or discount is calculated using the scientific method and recorded as an adjustment to investment income. These securities are stated at either amortized cost or the lower of amortized cost or fair value. The retrospective adjustment method is used to value all securities.

Common Stock

Common stock includes the investment in equity securities, which are stated at fair value, and the investment in unconsolidated subsidiaries which is recorded using the equity method. For the insurance subsidiaries, HPHC Insurance Company, Inc. (the "Insurance Company"), Harvard Pilgrim Health Care of New England, Inc. ("New England"), and Harvard Pilgrim Health Care of Connecticut, Inc. ("HPHC of CT"), the investments are carried at the statutory net worth of the subsidiaries. For the non-insurance subsidiaries, the investments are carried at the Generally Accepted Accounting Principles ("GAAP") equity of the investee. All changes to the carrying value of the subsidiaries are recorded as a component of unrealized gains and losses. Unrealized gains and losses are recorded directly to statutory net worth.

Investment in Limited Liability Company

Harvard Pilgrim is the sole corporate member in a limited liability company, Harvard Pilgrim Health Care Institute, LLC (the “Institute”). The carrying value of this company is equal to its net equity based on generally accepted accounting principles, and is treated as an admitted asset reported as common stock in the financial statements in accordance with Statement of Statutory Accounting Principles SSAP No. 97, *Investment in Subsidiary, Controlled and Affiliated Entities* (“SSAP No. 97”), a replacement of SSAP No. 88. All changes to the carrying value of the Institute are recorded as a component of unrealized gains and losses. Unrealized gains and losses are recorded directly to statutory net worth.

Real Estate, Furniture and Equipment

Real estate (including improvements), furniture and electronic data processing (EDP) equipment are carried at depreciated cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	20–40 years
Equipment, furniture, and fixtures	3–20 years
Computer software and operating systems	3–5 years

Amortization of leasehold improvements is calculated using the shorter of the asset’s estimated useful life or related lease term. Mortgage obligations of \$19.2 million are included in aggregate write-ins for other liabilities.

Harvard Pilgrim has not made material modifications to its capitalization policy from the prior period.

Other Invested Assets

Harvard Pilgrim invests in certain joint ventures and limited partnerships and reports the investments in accordance with Statement of Statutory Accounting Principles No. 48, *Joint Ventures, Partnerships and Limited Liability Companies*. These investments are included in Other Invested Assets on the balance sheet. All changes to the carrying value of these investments are recorded as a component of unrealized gains and losses which are recorded directly to statutory net worth.

Pharmaceutical Rebate Receivables

Harvard Pilgrim contracts with pharmaceutical manufacturers, some of which provide rebates based on use of the manufacturers’ products by Harvard Pilgrim members. Harvard Pilgrim accrues rebates receivable on a monthly basis, which are included as a component of premium and health care receivables or uninsured plan receivables, based on the terms of the applicable contracts, historical data and current estimates. Harvard Pilgrim bills these rebates to the manufacturers on a quarterly basis. Harvard Pilgrim records rebates attributable to fully insured members as a reduction in medical costs.

Goodwill

Goodwill represents the amount by which the cost of acquiring an entity exceeds the book value of the acquired entity. Goodwill is amortized over the period in which Harvard Pilgrim benefits economically, not to exceed ten years and is charged directly to statutory net worth. Positive goodwill resulting from a business combination is included in the carrying value of the investment in the acquired entity in the statutory statement of admitted assets, liabilities and statutory net worth.

Premium Deficiency Reserve

Harvard Pilgrim evaluates its health care contracts to determine if it is probable that a loss will be incurred. A premium deficiency loss is recognized when it is probable that expected future paid claims, administrative expenses, and reserves will exceed existing reserves plus anticipated future premiums on existing contracts. Anticipated investment income is considered in the calculation of premium deficiency losses.

Claims Unpaid, Accrued Medical Incentive Pool and Unpaid Claims Adjustment Expenses

Harvard Pilgrim records claims unpaid, for both reported and incurred but not reported claims, which are expected to be paid after year-end for services provided to members in the current year based on Harvard Pilgrim’s claim experience. This liability includes the estimated cost of services that will continue to be rendered after year-end for which Harvard Pilgrim is obligated to pay for such services in accordance with contract provisions or regulatory requirements. The amount of the estimated liability is actuarially determined based on historical claims data, current membership statistics, cost and utilization trends, and other related information and considers expected losses, if any, on existing contracts. This liability is an estimate, which is subject to the impact of changes in claim severity and frequency, as well as numerous other factors. Accordingly, this estimate is continuously reviewed and, as adjustments become necessary, they are reflected in current operations.

Harvard Pilgrim records an accrued medical incentive pool liability based on contractual arrangements with various health care providers. Compensation arrangements vary by provider. Hospital and medical expenses include claims payments, capitation payments, and various other costs incurred to provide and manage medical care provided to members, as well as estimates of future payments to hospitals and others for medical care provided to members in the current year based on Harvard Pilgrim’s claims experience. Certain providers are paid on a fee for service basis and can be eligible for bonuses based on meeting prescribed quality performance measures. Harvard Pilgrim pays capitation under contractual agreements to a number of physicians and provider groups based on the number of enrolled Harvard Pilgrim members served by each physician or provider group. Certain providers have entered into risk-sharing arrangements with Harvard Pilgrim, whereby a settlement is calculated by comparing actual medical claims experience to a budgeted amount based upon contractual arrangements. These settlements are estimated and accrued during the period the related services were rendered and adjusted in future periods as final settlements are determined.

Estimated settlements for these risk-sharing arrangements are reflected in the accrued medical incentive pool liability or health care receivables.

Harvard Pilgrim records a related unpaid claim adjustment expense ("CAE") liability to reflect the cost to adjudicate the claims unpaid as of year-end. The unpaid CAE liability is estimated as a percentage of the claims unpaid based on historical information on the administrative cost to adjudicate a claim.

Medical Loss Ratio Rebates

Harvard Pilgrim records its liability for MLR rebates in aggregate health policy reserves based on the requirements of the ACA in accordance with SSAP No. 66, *Retrospectively Rated Contracts* ("SSAP No. 66"). SSAP No. 66 requires Harvard Pilgrim to accrue for the estimated amount of premiums to be returned retrospectively to an employer group or member as an adjustment to premium revenue. Harvard Pilgrim estimates the amount of the retrospective rebate based on the difference between the estimated MLR of each employer group segment as defined in the ACA, as of December 31st of each year, and the minimum MLR requirements for those employer group segments either under ACA requirements or individual state requirements, if the state has a higher MLR standard than the ACA. The Commonwealth of Massachusetts has set an MLR threshold of 88% for 2017 for the merged market segments as defined by Massachusetts state law. See Note 24.

Nonadmitted Assets

Certain assets, principally furniture, leasehold improvement, prepaid expenses, investment in unconsolidated subsidiary, past due premium, healthcare receivables, uninsured plan receivables, past due receivables from subsidiaries and affiliates, risk corridor receivables, EDP equipment and capitalized software in excess of the admissibility criteria are nonadmitted and, as such, are not included in statutory surplus.

Revenue Recognition

Premiums are recorded as revenue in the month for which members are entitled to service. Premium revenue collected prior to the month for which the member is entitled to service is recorded as premiums received in advance. Harvard Pilgrim's government contracts establish monthly rates per member, and there may be additional amounts due to Harvard Pilgrim based on items such as age, working status, or specific health issues of the member. The Center for Medicare & Medicaid Services ("CMS") has implemented a risk adjustment formula, which apportions premiums paid to all Medicare Advantage health plans according to the health status of each beneficiary enrolled.

Assessments

In accordance with SSAP No. 35R, *Revised, Guaranty Fund and Other Assessments*, insurance-related assessments are recognized as liabilities when certain conditions are met. The assessments are recorded as administrative expenses, except for certain health related assessments which are recorded as a component of hospital and medical expenses.

Risk Sharing Provisions of the Affordable Care Act

Beginning in 2014, the ACA has included three programs designed to stabilize the health insurance market ("3Rs"): a transitional reinsurance program ("ACA Reinsurance"), a temporary risk corridor program ("Risk Corridor"), and a permanent risk adjustment program ("Risk Adjustment").

Reinsurance

The ACA established a temporary three-year reinsurance program, whereby all issuers of major medical commercial insurance products and self-insured plan sponsors are required to contribute funding in amounts set by the U.S. Department of Health and Human Services ("HHS"). Funds collected will be utilized to reimburse issuers' high cost claims costs incurred for qualified individual members. The expense related to this required funding is reflected in general administrative expenses for all of Harvard Pilgrim's insurance products with the exception of products associated with qualified individual members; this expense for qualified individual members is reflected as a reduction of premium revenue. If annual claim costs incurred by Harvard Pilgrim's qualified individual members exceed a specified attachment point, the Company is entitled to certain reimbursements from this program, which are recorded as a reduction in hospital and medical expenses. The ACA Reinsurance program was effective for plan years beginning in 2014 through 2016.

Risk Adjustment

The ACA established a permanent risk adjustment program to transfer funds from qualified individual and small group insurance plans with below average risk scores to those respective plans with above average risk scores. Based on the risk of Harvard Pilgrim's qualified plan members relative to the average risk of members of other qualified plans in comparable markets, the Company estimates its risk adjustment receivable or payable and reflects the impact as an adjustment to premium revenue.

Risk Corridor

The ACA established a temporary three-year risk-sharing program for qualified individual and small group insurance plans. Under this program, Harvard Pilgrim could make or receive payments to or from HHS based on the ratio of allowable costs to target costs as defined by the ACA. Harvard Pilgrim records a risk corridor receivable or payable as an adjustment to premium revenue. If collections for a particular year are insufficient to meet the full obligation for that year, then HHS will reduce payments for that year on a pro rata basis to the extent of any shortfall. Additionally, any collections made in subsequent years would first be applied to the unpaid balances of preceding years in accordance with NAIC Interpretation 15-01: *ACA Risk Corridors Collectability*. Harvard Pilgrim considered the most recent and reliable information in its estimate of the collectability of the ACA Risk Corridor program. The Risk Corridor program was effective for plan years beginning in 2014 through 2016.

Other

Accounting policies are not applicable for mortgage loans and derivatives.

D. Going Concern

Management continually evaluates the Company's ability to continue as a going concern. After considering management's plans, potential events and principal conditions, there is no substantial doubt about the Company's ability to continue as a going concern.

2. Accounting Changes and Corrections of Errors

There were no accounting changes or corrections of errors for the years ended December 31, 2017 and 2016.

3. Business Combinations and Goodwill

Harvard Pilgrim did not have any business combinations or record any goodwill for the years ended December 31, 2017 and 2016.

4. Discontinued Operations

Harvard Pilgrim had no discontinued operations for the years ended December 31, 2017 and 2016.

5. Investments**A. Mortgage Loans – None****B. Debt Restructuring – None****C. Reverse Mortgages – None****D. Loan-Backed Securities**

- (1) Prepayment assumptions for single class and multiclass mortgage-backed / asset-backed securities were obtained from third party providers.
- (2) The Company has the ability and intent to retain all loan-backed and structured securities for the period of time sufficient to recover the amortized cost basis. The Company did not recognize any other-than-temporary impairment during 2017 and 2016.
- (3) The Company did not hold any securities with an other-than-temporary impairment on December 31, 2017 and December 31, 2016.
- (4) For all impaired securities (fair value is less than cost or amortized cost) for which other-than-temporary impairment has not been recognized in earnings as a realized loss (including securities with a recognized other-than-temporary impairment for non-interest related declines when a non-recognized interest related impairment remains), the aggregate amount of unrealized losses and related fair value as of December 31, 2017 are as follows:

a. The aggregate amount of unrealized losses:	
1. Less than 12 Months	\$ (723,656)
2. 12 Months or Longer	\$ (1,076,956)
b. The aggregate related fair value of securities with unrealized losses:	
1. Less than 12 Months	\$ 69,402,373
2. 12 Months or Longer	\$ 39,281,752

E. Dollar Repurchase Agreements and/or Securities Lending Transactions – None**F. Repurchase Agreements Transactions Accounted for as Secured Borrowing – None****G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing – None****H. Repurchase Agreements Transactions Accounted for as a Sale – None****I. Reverse Repurchase Agreements Transactions Accounted for as a Sale – None****J. Real Estate**

- (1) The Company did not recognize any real estate impairment losses.
- (2) On December 12, 2016, the Company sold real estate assets for total proceeds of \$35.2 million and recognized a gain on the sale of \$31.7 million. The Board of Directors approved this transaction on November 16, 2016. The Company did not classify any real estate investments as held for sale as of December 31, 2017.
- (3) The Company had no plan of sale for an investment in real estate.
- (4) The Company does not engage in retail land sales operations.

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(5) The Company holds real estate investments with mortgage loans in the amount of \$19.2 million as of December 31, 2017.

K. Low-Income Housing Tax Credits (LIHTC) – None

L. Restricted Assets

(1) Restricted assets (including pledged):

Restricted Asset Category		1	2	3	4	5	6	7
		Total Gross (Admitted & Nonadmitted) Restricted from Current Year	Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	Increase / (Decrease) (1 minus 2)	Total Current Year Nonadmitted Restricted	Total Current Year Admitted Restricted (1 minus 4)	Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	Admitted Restricted to Total Admitted Assets (b)
a	Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
b	Collateral held under security lending agreements	-	-	-	-	-	-	-
c	Subject to repurchase agreements	-	-	-	-	-	-	-
d	Subject to reverse repurchase agreements	-	-	-	-	-	-	-
e	Subject to dollar repurchase agreements	-	-	-	-	-	-	-
f	Subject to dollar reverse repurchase agreements	-	-	-	-	-	-	-
g	Placed under option contracts	-	-	-	-	-	-	-
h	Letter stock or securities restricted as to sale - excluding FHLB capital stock	-	-	-	-	-	-	-
i	FHLB capital stock	1,621,500	1,216,500	405,000	-	1,621,500	0.16%	0.18%
j	On deposit with states	3,371,184	3,410,005	(38,821)	-	3,371,184	0.33%	0.37%
k	On deposit with other regulatory bodies	-	-	-	-	-	-	-
l	Pledged collateral to FHLB (including assets backing funding agreements)	33,531,355	16,729,124	16,802,231	-	33,531,355	3.31%	3.65%
m	Pledged as collateral not captured in other categories	-	-	-	-	-	-	-
n	Other restricted assets	497,959	965,455	(467,496)	-	497,959	0.05%	0.05%
o	Total Restricted Assets	\$ 39,021,998	\$22,321,084	\$ 16,700,914	\$ -	\$ 39,021,998	3.85%	4.25%

(a) Column 1 divided by Asset Page, Column 1, Line 26
(b) Column 5 divided by Asset Page, Column 3, Line 28

(2) Details of Assets Pledged as Collateral Not Captured in Other Categories – None

(3) Details of Other Restricted Assets:

Description of Assets	1	2	3	4	5	6
	Total Gross (Admitted & Nonadmitted) Restricted from Current Year	Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
Amounts restricted in compliance with requirements of debt service agreement	\$ 497,959	\$ 965,455	\$ (467,496)	\$ 497,959	0.05%	0.05%
Total	\$ 497,959	\$ 965,455	\$ (467,496)	\$ 497,959	0.05%	0.05%

(4) Collateral Received and Reflected as Assets within the Reporting Entity’s Financial Statements – None

M. Working Capital Finance Investments – None

N. Offsetting and Netting of Assets and Liabilities – None

O. Structured Notes – None

P. 5* Securities – None

Q. Short Sales – None

R. Prepayment Penalty and Acceleration Fees

	General Account
(1) Number Of CUSIPs	7
(2) Aggregate Amount of Investment Income	\$ 108,917

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. Harvard Pilgrim did not have any investments in joint ventures, partnerships or limited liability companies that exceeded 10% of its admitted assets at December 31, 2017 and 2016.
- B. Harvard Pilgrim recognized an impairment write down for its investments in joint ventures, partnerships or limited liability companies of \$1.7 million and \$0 for the years ended December 31, 2017 and 2016, respectively.

7. Investment Income

- A.** All investment income due and accrued with amounts that are over 90 days past due are nonadmitted and excluded from surplus.
- B.** Harvard Pilgrim did not have nonadmitted investment income due and accrued for the years ended December 31, 2017 and 2016.

8. Derivative Instruments

Harvard Pilgrim did not hold any derivative instruments at December 31, 2017 and 2016.

9. Income Taxes

Harvard Pilgrim is tax exempt under section 501(C)(3) of the Internal Revenue code.

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A – L. On November 9, 2016, the Harvard Pilgrim Board of Directors approved certain changes to the Company's governance structure. In the new governance structure, which was approved by the Massachusetts Division of Insurance on December 23, 2016 and effective January 1, 2017, Harvard Pilgrim formed New HPHC Holding Corporation ("NEWCO") as a new wholly owned Delaware C corporation. All of Harvard Pilgrim's for-profit entities were contributed to NEWCO. NEWCO's Board of Directors consists entirely of Harvard Pilgrim management.

NEWCO is a wholly owned subsidiary of Harvard Pilgrim, and acts as a downstream noninsurance holding company with no book value or assets other than the audited value of its subsidiary for-profit entities. When valuing its investment in NEWCO, Harvard Pilgrim utilizes the look-through approach in accordance with SSAP No. 97, which allows the Company to admit the value of its downstream noninsurance holding company provided that the entities owned by the downstream noninsurance holding company have annual audited financial statements. NEWCO has no liabilities, commitments, contingencies, guarantees or obligations to be considered in Harvard Pilgrim's determination of its carrying value.

Harvard Pilgrim conducts transactions with a number of affiliates. Harvard Pilgrim provides all administrative and operational management services to the Insurance Company, New England, and HPHC of CT. Harvard Pilgrim also provides certain administrative and operational services to Health Plans, Inc. ("HPI"). Administrative expenses, including CAE, are allocated to the Insurance Company, New England, HPHC of CT, and HPI based on Harvard Pilgrim's departmental cost allocation methodology. There are certain operating expenses incurred by HPI and HPHC Holding Corporation ("Holdings"), which are initially paid for by Harvard Pilgrim and reimbursed to the Company.

Harvard Pilgrim makes contributions to Harvard Pilgrim Health Care Foundation, Inc. (the "Foundation") and the Institute to support their ongoing operations. The Foundation reimburses Harvard Pilgrim for expenses paid on its behalf. HPI administers certain products on behalf of the Insurance Company. The Insurance Company pays a fee to HPI for the services performed administering those products. HPI pays fees to access the Harvard Pilgrim provider network.

Intercompany balances are settled quarterly, following the close of the quarter. Below is a summary of transactions with affiliates for the years ended December 31, 2017 and 2016:

Affiliate	2017		
	Capital Contributions/ (Return of Capital)	Administrative Expenses and CAE	Harvard Pilgrim Receivable/ (Payable)
The Insurance Company	\$ -	\$ 89,278,750 (a)	\$ 4,698,424
New England	-	51,837,870	14,936,524
HPHC of CT	-	438,009	(59,768)
Holdings	-	-	535,759
HPI	-	4,494,485 (a)	168,356
The Foundation	6,382,837	887,382	224,146
The Institute	5,869,589	6,496,660	(678,585)
Total	<u>\$ 12,252,426</u>	<u>\$ 153,433,156</u>	<u>\$ 19,824,856</u>

- (a) Amounts include administrative fees paid by the Insurance Company to HPI of \$213 thousand. Amounts also include \$2.4 million in HPI access fees, which were paid by HPI and earned by the Insurance Company.

Affiliate	2016			Harvard Pilgrim Receivable/ (Payable)
	Capital Contributions/ (Return of Capital)	Administrative Expenses and CAE		
The Insurance Company	\$ 75,000,000 (a)	\$ 95,217,068 (c)	\$	(4,994,674)
New England	-	49,836,215		18,641,261
HPHC of CT	-	874,337		46,788
Holdings	1,250,000 (b)	-		22,955
HPI	5,000,000	4,234,840 (c)		541,903
The Foundation	6,333,505	844,988		165,914
The Institute	5,777,675	6,613,835		(62,319)
Total	\$ 93,361,180	\$ 157,621,283	\$	14,361,828

- (a) During 2016, Harvard Pilgrim contributed capital of \$75 million to the Insurance Company, of which \$10.1 million was paid with a bond transfer.
- (b) During 2015, Harvard Pilgrim contributed \$1.8 million in capital to Holdings as part of the MedWatch acquisition that occurred in 2014. In addition to the initial purchase price, the purchase agreement included earn out incentives, up to a maximum of \$2.5 million, based upon the achievement of specified performance targets. In February 2015, Holdings paid \$1.25 million, representing the first of two potential deferred payments, related to the acquisition of MedWatch. In February 2016, the second deferred payment of \$1.25 million was paid.
- (c) Amounts include administrative fees paid by the Insurance Company to HPI of \$121 thousand. Amounts also include \$2.4 million in HPI access fees, which were paid by HPI and earned by the Insurance Company.

S. All SCA Investments

(1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities)

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities				
Total SSAP No. 97 8a Entities	XXX			
b. SSAP No. 97 8b(ii) Entities				
Total SSAP No. 97 8b(ii) Entities	XXX			
c. SSAP No. 97 8b (iii) Entities				
HPHC Holding Corporation	100%	\$ 18,598,367	\$ 18,598,367	\$ -
Health Plans, Inc.	100%	18,923,375	18,923,375	-
HPHC Insurance Agency	100%	512,126	-	512,126
Harvard Pilgrim Health Care Institute, LLC	100%	34,440,299	34,440,299	-
Total SSAP No. 97 8b (iii) Entities	XXX	72,474,167	71,962,041	512,126
d. SSAP No. 97 8b(iv) Entities				
Total SSAP No. 97 8b(iv) Entities	XXX			
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)	XXX	72,474,167	71,962,041	512,126
f. Aggregate Total (a+e)	XXX	\$ 72,474,167	\$ 71,962,041	\$ 512,126

(2) NAIC Filing Response Information

SCA Entity	Type of NAIC Filing	Date of Filing to the NAIC	NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method Resubmission required Y/N	Code
a. SSAP No. 97 8a Entities						
Total SSAP No. 97 8a Entities	XXX	XXX		XXX	XXX	XXX
b. SSAP No. 97 8b(ii) Entities						
Total SSAP No. 97 8b(ii) Entities	XXX	XXX		XXX	XXX	XXX
c. SSAP No. 97 8b (iii) Entities						
HPHC Holding Corporation	S2	6/30/2017	\$ 16,481,328	Y	N	I
Health Plans, Inc.	S2	6/30/2017	18,013,556	Y	N	I
HPHC Insurance Agency	S2	6/30/2017	-	Y	N	I
Harvard Pilgrim Health Care Institute, LLC	S1		34,440,299	N	N	I
Total SSAP No. 97 8b (iii) Entities	XXX	XXX	68,935,183	XXX	XXX	XXX
d. SSAP No. 97 8b(iv) Entities						
Total SSAP No. 97 8b(iv) Entities	XXX	XXX		XXX	XXX	XXX
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b+c+d)	XXX	XXX	68,935,183	XXX	XXX	XXX
f. Aggregate Total (a+e)	XXX	XXX	\$ 68,935,183	XXX	XXX	XXX

* S1 - Sub1, S2 - Sub-2, or RDF - Resubmission of Disallowed Filing
** I - Immaterial or M - Material
Note: Harvard Pilgrim expects to file the S1 form for Harvard Pilgrim Health Care Institute, LLC by March 31, 2018.

T. Investment in Insurance SCAs

(1) The Company’s investments in insurance SCAs do not use accounting practices that differ from NAIC SAP.

11. Debt

A. In connection with the sale of the real estate disclosed in Note 5J, Harvard Pilgrim was required to make an additional payment on its surplus notes in 2017 (Refer to Note 13.11). This payment was approved by the Massachusetts Division of Insurance on November 15, 2016 and paid in 2017.

B. Federal Home Loan Bank (“FHLB”) Agreements

(1) In April 2015, Harvard Pilgrim became a member of the FHLB of Boston with an initial membership stock investment of \$0.7 million. Through its membership, Harvard Pilgrim has the ability to conduct business activity (borrowings) with the FHLB. The Company has determined the maximum borrowing capacity as \$30.0 million and has based this amount on anticipated borrowing and cash flow needs. As of December 31, 2017, Harvard Pilgrim had a single outstanding loan of \$30.0 million.

(2) FHLB Capital Stock

a. Aggregate Totals

	Total
1. Current Year.....	
(a) Membership Stock - Class A.....	\$..... 0
(b) Membership Stock - Class B.....	421,404
(c) Activity Stock.....	1,200,000
(d) Excess Stock.....	96
(e) Aggregate Total (a+b+c+d).....	1,621,500
(f) Actual or estimated Borrowing Capacity as Determined by the Insurer.....	\$..... 30,000,000
	Total
2. Prior Year - End.....	
(a) Membership Stock - Class A.....	\$..... 0
(b) Membership Stock - Class B.....	558,495
(c) Activity Stock.....	600,000
(d) Excess Stock.....	58,005
(e) Aggregate Total (a+b+c+d).....	1,216,500
(f) Actual or estimated Borrowing Capacity as Determined by the Insurer.....	\$..... 30,000,000

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b. Membership Stock (Class A and B) Eligible and Not Eligible for Redemption

Membership Stock	1 Total (2+3+4+5+6)	2 Not Eligible for Redemption	Eligible for Redemption			
			3 Less Than 6 Months	4 6 Months to Less Than 1 Year	5 1 to Less Than 3 Years	6 3 to 5 Years
1. Class A.....	\$..... 0	0	0	0	0	0
2. Class B.....	\$..... 1,621,500	421,404	1,200,096	0	0	0

(3) Collateral Pledged to FHLB

a. Amount Pledged as of Reporting Date

	1 Fair Value	2 Carrying Value	3 Aggregate Total Borrowing
1. Current Year Total Collateral Pledged.....	32,967,033	33,531,355	30,000,000
2. Prior Year-End Total Collateral Pledged.....	16,483,516	16,729,124	15,000,000

b. Maximum Amount Pledged During Reporting Period

	1 Fair Value	2 Carrying Value	3 Amount Borrowed at Time of Maximum Collateral
1. Current Year Total Maximum Collateral Pledged.....	32,967,033	33,531,355	30,000,000
2. Prior Year-End Total Maximum Collateral Pledged.....	33,736,890	33,366,435	30,000,000

(4) Borrowed from FHLB

a. Amount Pledged as of Reporting Date

	Total	Funding Agreements Reserves Established
1. Current Year		
(a) Debt.....	\$..... 30,000,000	XXX.....
(b) Funding Agreements.....	0	0
(c) Other.....	0	XXX.....
(d) Aggregate Total (a+b+c).....	\$..... 30,000,000	\$..... 0
2. Prior Year-end		
(a) Debt.....	\$..... 15,000,000	XXX.....
(b) Funding Agreements.....	0	0
(c) Other.....	0	XXX.....
(d) Aggregate Total (a+b+c).....	\$..... 15,000,000	\$..... 0

b. Maximum Amount during Reporting Period - Current Year

	Total
1. Debt.....	\$..... 30,000,000
2. Funding Agreements.....	0
3. Other.....	0
4. Aggregate Total (1+2+3).....	\$..... 30,000,000

c. FHLB Prepayment Obligations

	Does the company have prepayment obligations under the following arrangements (YES/NO)?
1. Debt.....	YES
2. Funding Agreements.....	NO
3. Other.....	NO

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A. Defined Benefit Plan

Harvard Pilgrim's postretirement medical plan allows employees who have attained age 60 and completed ten years of continuous service to remain in Harvard Pilgrim's group health care coverage upon retirement and until they qualify for Medicare coverage. In accordance with the provisions of the postretirement

medical plan, retirees will pay 100% of the active monthly premium rate until they reach age 65. Once they reach age 65 and enroll in both Medicare A and B, Harvard Pilgrim will provide a maximum monthly contribution of \$150 to each retiree (and each spouse, if applicable), provided the employee is transitioning from an active Harvard Pilgrim employee medical plan. Additionally, Harvard Pilgrim covers up to 100% of the costs for select grandfathered retirees. The plan is not currently funded.

Effective December 31, 2016, the Company amended the postretirement medical plan to freeze participation and benefit accruals. Refer to (17) below for additional information.

A summary of assets, obligations and assumptions of the post-retirement medical plan are as follows at December 31, 2017 and 2016:

(1) Change in benefit obligation

a. Pension Benefits - None

b. Postretirement Benefits

		Overfunded		Underfunded	
		2017	2016	2017	2016
1.	Benefit obligations at beginning of year	-	-	8,123,562	14,361,302
2.	Service cost	-	-	22,524	471,150
3.	Interest cost	-	-	286,656	573,049
4.	Contribution by plan participants	-	-	625,279	570,825
5.	Actuarial gain (loss)	-	-	262,024	(43,076)
6.	Foreign currency exchange rate changes	-	-	-	-
7.	Benefits paid	-	-	(1,284,076)	(1,136,593)
8.	Plan amendments	-	-	-	-
9.	Business combinations, divestitures, curtailments, settlements and special termination benefits	-	-	(1,569,822)	(6,673,095)
10.	Benefit obligation at end of year	-	-	6,466,147	8,123,562

c. Special or Contractual Benefits per SSAP No. 11 – None

(2) Change in plan assets

	Pension Benefits		Postretirement Benefits		Special or Contractual Benefits per SSAP No. 11	
	2017	2016	2017	2016	2017	2016
a. Fair value of plan assets at beginning of year	-	-	-	-	-	-
b. Actual return on plan assets	-	-	-	-	-	-
c. Foreign currency exchange rate changes	-	-	-	-	-	-
d. Reporting entity contribution	-	-	658,797	565,768	-	-
e. Plan participants' contributions	-	-	625,279	570,825	-	-
f. Benefits paid	-	-	(1,284,076)	(1,136,593)	-	-
g. Business combinations, divestitures and settlements	-	-	-	-	-	-
h. Fair value of plan assets at end of year	-	-	-	-	-	-

(3) Funded status

	Pension Benefits		Postretirement Benefits	
	2017	2016	2017	2016
a. Components:				
1. Prepaid benefit costs	-	-	-	-
2. Overfunded plan assets	-	-	-	-
3. Accrued benefit costs	-	-	5,794,194	7,713,633
4. Liability for pension benefits	-	-	671,953	409,929
b. Assets and liabilities recognized				
1. Assets (nonadmitted)	-	-	-	-
2. Liabilities recognized	-	-	6,466,147	8,123,562
c. Unrecognized liabilities	-	-	-	-

(4) Components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits		Special or Contractual Benefits per SSAP No. 11	
	2017	2016	2017	2016	2017	2016
a. Service cost	-	-	22,524	471,150	-	-
b. Interest cost	-	-	286,656	573,049	-	-

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c. Expected return on plan assets	-	-	-	-	-	-
d. Transition asset or obligation	-	-	-	-	-	-
e. Gains and losses	-	-	-	-	-	-
f. Prior service cost or credit	-	-	-	324,419	-	-
g. Gain or loss recognized due to a settlement or curtailment	-	-	(1,569,822)	(2,750,563)	-	-
h. Total net periodic benefit cost	-	-	(1,260,642)	(1,381,945)	-	-

(5) Amounts in unassigned funds (surplus) recognized as components of net periodic benefit cost

	Pension Benefits		Postretirement Benefits	
	2017	2016	2017	2016
a. Items not yet recognized as a component of net periodic cost – prior year	-	-	409,929	4,699,956
b. Net transition asset or obligation recognized	-	-	-	-
c. Net prior service cost or credit arising during the period	-	-	-	-
d. Net prior service cost or credit recognized	-	-	-	(4,246,951)
e. Net gain and loss arising during the period	-	-	262,024	(43,076)
f. Net gain and loss recognized	-	-	-	-
g. Items not yet recognized as a component of net periodic cost – current year	-	-	671,953	409,929

(6) Amounts in unassigned funds (surplus) expected to be recognized in the next fiscal year as components of net periodic benefit cost.

	Pension Benefits		Postretirement Benefits	
	2017	2016	2017	2016
a. Net transition asset or obligation	-	-	-	-
b. Net prior service cost or credit	-	-	-	-
c. Net recognized gains and losses	-	-	(2,073)	-

(7) Amounts in unassigned funds (surplus) that have not yet been recognized as components of net periodic benefit cost.

	Pension Benefits		Postretirement Benefits	
	2017	2016	2017	2016
a. Net transition asset or obligation	-	-	-	-
b. Net prior service cost or credit	-	-	-	-
c. Net recognized gains and losses	-	-	(671,953)	(409,929)

(8) Weighted-average assumptions used to determine net periodic benefit cost as of December 31:

	2017	2016
a. Weighted-average discount rate	3.70%	4.25%
b. Expected long-term rate of return on plan assets	not applicable	not applicable
c. Rate of compensation increase	not applicable	not applicable

Weighted-average assumptions used to determine projected benefit obligations as of December 31:

	2017	2016
d. Weighted-average discount rate	3.30%	3.70%
e. Rate of compensation increase	not applicable	not applicable

For measurement purpose, the actual observed 2017 per capita cost of covered health care benefits were used. The rate of increase for these costs was assumed to be 6.36% for 2018, and decrease gradually to 4.50% for 2038, and remain at that level thereafter.

(9) The amount of the accumulated benefit obligation for defined benefit pension plans – Not applicable.

(10) Harvard Pilgrim has one Post-Retirement Medical Life Insurance Plan. The healthcare benefits are contributory with participants contributions adjusted annually and the life insurance benefits are non-contributory. The accounting for the health care plan is consistent with the Company's expressed intent to have Medicare eligible retirees pay any amount above the Company's contribution of \$150 per month. Additionally, there are certain grandfathered participants for whom the Company pays their entire benefit.

(11) Assumed health care cost trend rates have an effect on the amounts reported for the health care plan. A one-percentage-point change in assumed health care cost trend rates would have the following effects on the amounts reported for the health care plan:

	1 Percentage Point increase	1 Percentage Point decrease
a. Effect on total of service and interest cost components	3,362	(3,083)
b. Effect on postretirement benefit obligation	91,862	(84,600)

- (12) The following estimated future payments, which reflect expected future service, as appropriate, are expected to be paid in the years indicated:

<u>Year</u>	<u>Amount</u>
a. 2018	645,418
b. 2019	618,855
c. 2020	588,941
d. 2021	555,945
e. 2022	528,292
Next five years	2,211,596

- (13) The Company does not have any regulatory contribution requirements for 2017 however the Company's current projection for voluntary contributions to the defined benefit pension plan is \$645 thousand in 2018.
- (14) The amounts and types of securities – Not applicable.
- (15) Alternative method used to amortize prior service amounts or net gains and losses – Not applicable.
- (16) Substantive commitment used as the basis for accounting for the benefit obligation – Not applicable.
- (17) Special or contractual termination benefits recognized - Effective December 31, 2016, the Company amended the postretirement medical plan to freeze participation and benefit accruals. Retiree eligible participants had until December 31, 2017 to retire and elect coverage. The Company announced these changes in December 2016. In connection with the amendment, Harvard Pilgrim recorded curtailment gain of \$1.6 million and \$2.8 million for the years ended December 31, 2017 and 2016, respectively.
- (18) Significant change in the benefit obligation or plan assets – Not applicable.
- (19) Plan assets returned to the Company – Not applicable.

B. Investment policies and strategies of plan assets – Not applicable.

C. Fair value of each class of plan assets – Not applicable.

D. Basis used to determine the overall expected long-term rate-of-return-on-assets assumption – Not applicable.

E. Defined Contribution Plan

Harvard Pilgrim employees participate in a defined contribution plan covering all employees. Participants can make salary deferral contributions up to 50% of their pay subject to the legally permitted maximum and, after one year of service, Harvard Pilgrim makes matching contributions equal to 100% of the first 4% of salary deferrals, subject to the legally permitted maximum. Harvard Pilgrim also makes an annual contribution of 4% of pay to each participant's account regardless of whether the employee makes salary deferral contributions or not. Effective January 1, 2018, this annual contribution percentage has been reduced to 2% of pay to each participant's account, regardless of whether the employee makes salary deferral contributions or not. Harvard Pilgrim's contributions amounted to \$7.5 million and \$6.7 million for the years ended December 31, 2017 and 2016, respectively.

Deferred Compensation Plan

Harvard Pilgrim established a non-qualified deferred compensation plan (the "Plan"), effective July 1, 2005, which allows certain highly compensated employees the option to defer specified amounts of their annual compensation on a pre-tax basis and also allows Harvard Pilgrim, at its discretion, the option to provide deferred compensation to key employees. A participant in the Plan is notified if a voluntary contribution is made by Harvard Pilgrim to that participant's account. In addition, the participant's account is credited to reflect investment returns based on measuring investments selected by either the participant or the Plan administrator in accordance with the Plan document. The participant will receive a benefit payment from their account upon severance from employment with Harvard Pilgrim. Harvard Pilgrim has recorded a liability of \$3.9 million and \$3.4 million for the years ended December 31, 2017 and 2016, respectively, which represents its obligation for benefits payable under the Plan. However, all amounts of compensation deferred under the Plan remain the assets of Harvard Pilgrim until paid out to a participant or his or her beneficiary. Harvard Pilgrim is not required to segregate or set aside any assets to meet its obligation under the Plan.

F. Multiemployer Plans – Not applicable.

G. Consolidated/Holding Company Plans – Not applicable.

H. Postretirement Benefits and Compensated Absences – Not applicable.

I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) – Not applicable.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- (1) Harvard Pilgrim is a not-for-profit 501(c)(3) corporation with no stockholders or capital stock.
- (2) Harvard Pilgrim has no preferred stock.
- (3) Harvard Pilgrim has not declared dividends.
- (4) Harvard Pilgrim has not paid dividends.
- (5) Extraordinary dividends are limited by the General Laws of Massachusetts, Chapter 176G, Section 28(q) which prohibits extraordinary dividend distribution until the Massachusetts Commissioner of Insurance ("Commissioner") approves the payment or the Commissioner has not disapproved the payment within 30 days of receiving notice of the declaration.
- (6) There are no restrictions placed on unassigned funds.
- (7) Harvard Pilgrim does not have mutual reciprocals.
- (8) Harvard Pilgrim does not hold any stocks for special purpose such as conversion of preferred stock, employee stock options and stock purchase warrants.
- (9) Special surplus funds as of December 31, 2017 were recorded due to the estimated ACA Industry Fee paid during 2018. There were no amounts recorded as special surplus funds as of December 31, 2016 due to the budget bill passed by the Federal Government imposing a one-year moratorium on the ACA Industry Fee payable during 2017. Refer to Note 22.
- (10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses were as follows as of December 31, 2017:

Unrealized losses (\$3,604,808)

- (11) Harvard Pilgrim previously issued the following surplus notes:

Date Issued	Interest Rate	Par Value	Carrying Value of Note	Interest And/Or Principal Paid Current Year	Total Interest And/Or Principal Paid	Un-approved Interest And/Or Principal	Date of Maturity
07/15/1998	variable 4.75% - 5.25%	\$195,795,000	\$ 413,795	\$ 21,377,469	\$310,177,000	-	07/01/2028

The surplus note listed above is in connection with the Plan of Rehabilitation issued in fiscal year 2000, when Harvard Pilgrim was released from temporary receivership and placed under administrative supervision. Payments of principal and interest on the Massachusetts Health and Education Facilities Revenue Bonds issue 1998 Series A (the "Bonds") were made subject to the approval of the Commissioner of Insurance of the Commonwealth of Massachusetts (the "Commissioner"). As such, the outstanding amount of the Bonds, reduced by the \$29 million mortgage, qualify to be treated as surplus notes under NAIC SAP and are included as a component of statutory capital and surplus. As of December 31, 2017, the outstanding amount of the Bonds was less than the \$29 million mortgage, therefore, the liability for the mortgage has been reduced by principal payments made during 2017 to \$19.2 million.

Principal payments on the Series 1998 Bonds were \$9.8 million in both 2017 and 2016. In connection with the sale of the real estate disclosed in Note 5J, Harvard Pilgrim was required to make an additional payment on its surplus notes for \$9.8 million in 2017; the amount related to this payment was reclassified to borrowed money and excluded from the surplus notes balance at December 31, 2016, after receiving payment approval from the Massachusetts Department of Insurance on November 15, 2016.

Interest expense, recorded as a reduction to net investment income earned, amounted to \$1.4 million and \$2.3 million in 2017 and 2016, respectively. Related interest paid amounted to \$1.8 million and \$2.4 million for 2017 and 2016, respectively. The payment of scheduled installments of principal and interest on the Series 1998 Bonds is fully insured. There was no unapproved interest and/or principal payments as of December 31, 2017.

Harvard Pilgrim and Assured Guaranty Corp. ("AGC"), the Bonds insurer, entered into an agreement which provides that the requirement that the Commissioner give prior approval to the payment of principal and interest on the Bonds (the "Condition") remain in effect for the life of the Bonds after Harvard Pilgrim was released from Administrative Supervision by the Commissioner. In consideration for AGC's agreement to the continuing application of the pre-approval Condition, Harvard Pilgrim agreed to increase the annual principal payment it makes with respect to the obligations to the greater of \$9.8 million or the original principal requirement as outlined in the Loan and Trust agreement. On June 15, 2006 Harvard Pilgrim was released from Administrative Supervision by the Commissioner. As a result, Harvard Pilgrim increased the principal due on July 1 each year to \$9.8 million in accordance with the agreement. Supplemental payments of additional principal up to a maximum of \$10 million per

year and \$46 million in the aggregate would be required if certain profitability and financial conditions are met. Supplemental payments were not required to be made for 2017 or 2016 for this provision.

At December 31, 2017 and 2016, the estimated fair value of the Bonds was approximately \$20.1 million and \$40.0 million, respectively. The fair value is estimated based on the quoted market prices for the same or similar issues.

Special deposits include a debt service fund, which was established with the bond trustee for the payment of principal and interest. The debt service fund amounted to \$0.5 million and \$1.0 million at December 31, 2017 and 2016, respectively. These funds are invested in U.S. government securities and are carried at amortized cost, which approximates estimated fair value.

The aggregate amount of maturities and sinking fund requirements of the Bonds, after consideration of the aforementioned amendment, as of December 31, 2017 is as follows:

2018	9,800,000
2019	9,800,000
2020	415,000
Thereafter	-
	<u>\$ 20,015,000</u>

(12) There were no quasi-reorganizations during 2017 and 2016.

(13) Effective date of quasi-reorganization for a period of ten years following the reorganization – Not applicable.

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments

Harvard Pilgrim and its insurance affiliates, New England, HPHC CT and the Insurance Company (each a "Corporation" and collectively the "Corporations"), participate in a Guaranty and Indemnity Agreement ("G&I Agreement"). Under the terms of the G&I Agreement, each Corporation guarantees the payment and performance of the others. In addition, each Corporation is jointly and severally liable for all obligations that may arise out of this G&I Agreement. Harvard Pilgrim had no contingent liabilities related to the G&I Agreement as of December 31, 2017.

During 2016, Harvard Pilgrim amended its Management and Administrative Service Agreement with the Institute (the "Institute Agreement"). In accordance with the requirements of the Institute Agreement, Harvard Pilgrim will provide the Institute with financial support in an amount up to, but not to exceed, \$20 million in the event of an unforeseen and material loss of revenue by the Institute. The Institute must maintain at least \$1 million of net assets to be used in such an event before drawing down on this contingent support. Harvard Pilgrim had no contingent liabilities related to the Institute Agreement as of December 31, 2017.

B. Assessments

The Company has not received any notification of insolvency that could have a material financial effect on the estimate of liability.

C. Gain Contingencies – None

D. Claims Related Extra Contractual Obligations and Bad Faith Losses Stemming from Lawsuits – None

E. Joint and Several Liabilities – None

F. All Other Contingencies

Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company. The Company has no assets that it considers to be impaired.

15. Leases

A. Lessee Operating Leases

(1) Harvard Pilgrim has entered into several long-term noncancelable operating leases for buildings and equipment. The terms of the leases vary through the year 2023 with various renewal options. Total rent expense on all leases was \$7.0 million and \$7.8 million in 2017 and 2016, respectively.

- (2) The following is a schedule, by year, of future minimum rental payments required under all operating leases for buildings and equipment that have initial or remaining non-cancellable lease terms of one year or more as of December 31, 2017:

<u>Year Ending December 31</u>	<u>Operating Leases</u>
2018	\$ 6,522,832
2019	6,237,048
2020	6,334,800
2021	6,435,356
2022	3,588,017
Thereafter	689,618
Total	<u>\$ 29,807,671</u>

- (3) The Company is not involved in any material sale-leaseback transactions.

B. Lessor Leases

- (1) Operating leases – None
(2) Leveraged leases – None

16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Harvard Pilgrim did not have any investments in financial instruments with off balance sheet risk or with significant concentrations of credit risk as of December 31, 2017 and 2016.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A. Transfers of Receivables Reported as Sales – None

B. Transfers and Servicing of Financial Assets – None

C. Wash Sales – None

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plans

Harvard Pilgrim administers employee health benefits for certain employer groups as an Administrative Services Only (“ASO”) wherein it performs eligibility management, medical management, claims processing, and disbursement activities in return for administrative fees. The employer assumes utilization risk for these arrangements.

The loss from operations for ASO uninsured plans and the uninsured portion of partially insured plans during 2017 were as follows:

		1	2	3
		ASO Uninsured Plans	Uninsured Portion of Partially Insured Plans	Total ASO
a.	Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	\$ (23,353,532)	-	\$ (23,353,532)
b.	Total net other income or expenses (including interest paid to or received from plans)	-	-	-
c.	Net gain or loss from operations	(23,353,532)	-	(23,353,532)
d.	Total claim payment volume	\$ 1,673,606,289	-	\$1,673,606,289

B. ASC Plans – None

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contracts – None

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Harvard Pilgrim did not receive any premium from individual managing general agents or third party administrators for the years ended December 31, 2017 and 2016.

20. Fair Value Measurement

A. Harvard Pilgrim's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by SSAP No. 100, *Fair Value Measurements*.

(1) Fair Value Measurements at the reporting date:

Description	(Level 1)	(Level 2)	(Level 3)	Total
a. Assets at fair value				
Bonds				
Indust. & Misc.	\$ -	\$ 2,725,795	\$ -	\$ 2,725,795
Special Rev./Assess. Oblig.	-	-	-	-
US Government	-	-	-	-
Total Bonds	\$ -	\$ 2,725,795	\$ -	\$ 2,725,795
Common Stock				
Industrial & Misc.	\$ 1,621,500	\$ -	\$ -	\$ 1,621,500
Parent, Subs & Affiliates	-	-	-	-
Mutual Funds	161,251,852	-	-	161,251,852
Total Common Stocks	\$ 162,873,352	\$ -	\$ -	\$ 162,873,352
Total assets at fair value	\$ 162,873,352	\$ 2,725,795	\$ -	\$ 165,599,147

(a) There were no significant transfers between level 1 and level 2 during 2017.

(2) Fair value measurements in Level 3 of the fair value hierarchy: None

(3) The policy on the timing of recognizing transfers in and out of Level 3: Transfers in and out of Level 3 securities are recognized at the end of the reporting period.

(4) For fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy, the valuation technique(s) and the inputs used in the fair value measurement: fair value measurements of securities within the Level 2 and Level 3 hierarchy are determined using the NAIC approved independent third party pricing vendor at December 31, 2017. FHLB Class B stock is valued using certain observable and unobservable inputs provided by current and past market conditions as well as issuer historical and guaranteed pricing.

(5) The Company did not have any derivative assets or liabilities.

B. Other Fair Value Measurements – Not applicable.

C. The aggregate fair value by hierarchical level as of December 31, 2017:

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
Bonds	\$ 283,941,260	\$ 282,232,057	\$ -	\$ 283,941,260	\$ -	\$ -
Common Stock	162,873,352	162,873,352	162,873,352	-	-	-
Cash Equivalents	13,604,522	13,604,522	13,604,522	-	-	-
Total	\$ 460,419,134	\$ 458,709,931	\$ 176,477,874	\$ 283,941,260	\$ -	\$ -

D. Not practicable to estimate fair value – Not applicable.

21. Other Items

A. Extraordinary Items – None

B. Troubled Debt Restructuring – None

C. Other Disclosures and Unusual Items

Long-Term Service Contract with NTT DATA

Harvard Pilgrim has a long-term services agreement (the "Agreement") with NTT DATA International, L.L.C. ("NTT DATA") following the assignment of the services agreement from Dell Inc. to NTT Data effective November 2, 2016. Under the Agreement, NTT DATA provides information technology operations, development and claims related processing services under the direction of Harvard Pilgrim staff. Services include operational services for technology and claims operations and business project services. The Agreement calls for an annual minimum commitment of \$60 million, and is subject to adjustment for changes in service levels, cost management by Harvard Pilgrim and performance incentives for NTT. The Agreement runs through 2021.

D. Business Interruption Insurance Recoveries – None

E. State Transferable and Non-transferable Tax Credits – None

F. Subprime Mortgage Related Risk Exposure

(1) The Company's subprime exposure comes from its holdings in asset backed securities. On a quarterly basis, these holdings are reviewed with the Company's investment manager to determine the rationale for continuing to hold these securities and to determine if impairment has occurred. Some of the factors considered include asset quality, credit related issues, consistency of cash flow and expected recovery of principal.

(2) Direct exposure through investments in subprime mortgages – None

(3) Direct exposure through other investments as of December 31, 2017:

	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other Than Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities	\$ 111,203,585	\$ 109,243,821	\$ 108,693,499	\$ -
b. Commercial mortgage-backed securities	15,389,454	15,331,210	15,595,776	-
c. Collateralized debt obligations	-	-	-	-
d. Structured securities	25,901,643	25,895,206	25,786,600	-
e. Equity investment in SCAs	-	-	-	-
f. Other assets	-	-	-	-
g. Total	\$ 152,494,682	\$ 150,470,237	\$ 150,075,875	\$ -

(4) Underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage - None

G. Retained Assets – None**H. Insurance-Linked Securities (ILS) Contracts – None****22. Events Subsequent***Type I – Recognized Subsequent Events-*

Harvard Pilgrim has evaluated events and transactions subsequent to December 31, 2017 through February 28, 2018, the date the financial statements are available for issuance and has determined there were no material events or transactions which require adjustment to, or disclosure in, the financial statements.

Type II – Non-recognized Subsequent Events-

Subsequent events have been considered subsequent to December 31, 2017, through February 28, 2018, for the statutory statement issued on February 28, 2018.

On January 1, 2018, Harvard Pilgrim will be subject to an annual fee under Section 9010 of the ACA. This annual fee is allocated to individual health insurers based on the ratio of the amount of the Company's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that was written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1st of the year the fee is due. As of December 31, 2017, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2018, and estimates its portion of the annual health insurance industry fee to be payable on September 30, 2018 to be \$17.5 million. This amount is reflected in special surplus. This assessment is expected to impact risk based capital ("RBC") by 17.1 percentage points. Reporting the ACA assessment as of December 31, 2017, would not have triggered an RBC action level.

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Harvard Pilgrim Health Care, Inc.

A. Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the Federal Affordable Care Act (YES/NO)?

YES

		Current Year	Prior Year
B. ACA fee assessment payable for the upcoming year	\$	17,467,664	\$ -
C. ACA fee assessment paid	\$	-	\$ 14,850,335
D. Premium written subject to ACA 9010 assessment	\$	1,647,892,821	\$ 1,774,580,370
E. Total Adjusted Capital before surplus adjustment # (Five-Year Historical Line 14)	\$	477,807,504	
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus Line 22B above)	\$	460,339,840	
G. Authorized Control Level (Five-Year Historical Line 15)	\$	104,710,656	
H. Would reporting the ACA assessment as of Dec. 31, 2017 have triggered an RBC action level (Yes/No)?			NO

23. Reinsurance

Harvard Pilgrim carries reinsurance against excessive utilization on a per-member basis. Under the policy, Harvard Pilgrim is reimbursed 100% of certain hospital inpatient, outpatient and pharmacy claims in excess of the policy deductible, which is \$1,500,000, except for Maine members where the deductible is \$1,000,000. The maximum recoverable under the reinsurance agreement is \$5,000,000 per member per policy period. The impact of reinsurance recoveries on the financial statements is immaterial for 2017 and 2016.

A. Ceded Reinsurance Report

Section 1: General Interrogatories

- (1) Harvard Pilgrim does not own in excess of 10%, nor control directly or indirectly any of the reinsurers listed as non-affiliated on Schedule S.
- (2) None of Harvard Pilgrim's policies have been reinsured outside of the United States.

Section 2: Ceded Reinsurance Report – Part A

- (1) None of the reinsurance agreements can be unilaterally cancelled except for nonpayment of premiums.
- (2) Harvard Pilgrim does not have any reinsurance agreements in effect such that the amount of losses exceeds the total direct premiums collected as of December 31, 2017.

Section 3: Ceded Reinsurance Report – Part B

- (1) There have been no terminated reinsurance policies as of December 31, 2017.
- (2) There have been no new agreements that have been executed or existing agreements amended, that include policies or contracts that were in force or which had existing reserves established by Harvard Pilgrim as of the effective date of the agreement.

B. Uncollectible Reinsurance – Harvard Pilgrim has not written off any reinsurance balances in 2017.

C. Commutation of Ceded Reinsurance – None

D. Certified Reinsurer rating downgraded or status subject to revocation – None

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. The Company estimates accrued retrospective premium adjustments in accordance with SSAP No. 66. See Note 1.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. The amount of net premiums written by the Company at December 31, 2017 that are subject to retrospective rating features was \$1,647.1 million, which represented 100% of the total net premiums written.
- D. The Company does not have retrospectively rated contracts and contracts subject to redetermination other than those subject to ACA. The Company did not record any medical loss ratio rebate liabilities pursuant to the ACA or under Massachusetts General Laws Chapter 176J Section 6(d) for the merged market segment for the years ended December 31, 2017 and 2016.

E. Risk Sharing Provisions of the Affordable Care Act

- (1) Did the reporting entity write accident and health insurance premium which is subject to the ACA risk-sharing provisions (YES/NO)? YES

- (2) Impact of Risk-Sharing Provisions of the ACA on Admitted Assets, Liabilities and Revenue for the Current Year:

a. Permanent ACA Risk Adjustment Program:	AMOUNT
Assets:	
1. Premium adjustments receivable due to ACA Risk Adjustment.....	\$ -
Liabilities:	
2. Risk adjustment user fees payable for ACA Risk Adjustment.....	53,825
3. Premium adjustments payable due to ACA Risk Adjustment.....	9,007,180
Operations (Revenue & Expense):	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment (increase) decrease to revenue.....	28,072,266
5. Reported in expenses as ACA risk adjustment user fees (incurred/paid).....	201,806
b. Transitional ACA Reinsurance Program:	
Assets:	
1. Amounts recoverable for claims paid due to ACA Reinsurance.....	1,312,458
2. Amounts recoverable for claims unpaid due to ACA Reinsurance (Contra Liability).....	-
3. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance.....	-
Liabilities:	
4. Liabilities for contributions payable due to ACA Reinsurance - not reported as ceded premium.....	-
5. Ceded reinsurance premiums payable due to ACA Reinsurance.....	-
6. Liabilities for amounts held under uninsured plans contributions for ACA Reinsurance.....	-
Operations (Revenue & Expense):	
7. Ceded reinsurance premiums due to ACA Reinsurance.....	-
8. Reinsurance recoveries (income statement) due to ACA Reinsurance payments or expected payments.....	2,067,208
9. ACA Reinsurance contributions - not reported as ceded premium.....	-
c. Temporary ACA Risk Corridors Program:	
Assets:	
1. Accrued retrospective premium due to ACA Risk Corridors.....	-
Liabilities:	
2. Reserve for rate credits or policy experience rating refunds due to ACA Risk Corridors.....	-
Operations (Revenue & Expense):	
3. Effect of ACA Risk Corridors on net premium income (paid/received).....	-
4. Effect of ACA Risk Corridors on change in reserves for rate credits.....	-

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Harvard Pilgrim Health Care, Inc.

(3) Roll forward of prior year ACA risk-sharing provisions for the following asset (gross of any non-admission) and liability balances, along with the reasons for adjustments to prior year balance.

		Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments		Unsettled Balances as of the Reporting Date	
						Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances	Cumulative Balance from Prior Years (Col 1 - 3 + 7)	Cumulative Balance from Prior Years (Col 2 - 4 + 8)
		1	2	3	4	5	6	7	8	9	10
		Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable (Payable)
a. Permanent ACA Risk Adjustment Program:											
1. Premium adjustments receivable		5,423,832	-	-	-	5,423,832	-	(5,423,832)	-	A	-
2. Premium adjustments (payable)		-	(4,057,484)	-	(17,698,739)	-	13,641,255	-	(13,641,255)	B	-
3. Subtotal ACA Permanent Risk Adjustment Program		5,423,832	(4,057,484)	-	(17,698,739)	5,423,832	13,641,255	(5,423,832)	(13,641,255)		-
b. Transitional ACA Reinsurance Program:											
1. Amounts recoverable for claims paid		6,690,861	-	7,445,611	-	(754,750)	-	2,067,208	-	C	1,312,458
2. Amounts recoverable for claims unpaid (contra liability)		-	-	-	-	-	-	-	-	D	-
3. Amounts receivable relating to uninsured plans		-	-	-	-	-	-	-	-	E	-
4. Liabilities for contributions payable due to ACA Reinsurance not reported as ceded premiums		-	(7,551,059)	-	(7,551,059)	-	-	-	-	F	-
5. Ceded reinsurance premiums payable		-	(620,230)	-	(620,230)	-	-	-	-	G	-
6. Liabilities for amounts held under uninsured plans		-	-	-	-	-	-	-	-	H	-
7. Subtotal ACA Transitional Reinsurance Program		6,690,861	(8,171,289)	7,445,611	(8,171,289)	(754,750)	-	2,067,208	-		1,312,458
c. Temporary ACA Risk Corridors Program:											
1. Accrued retrospective premium		-	-	-	-	-	-	-	-	I	-
2. Reserve for rate credits or policy experience rating refunds		-	-	-	-	-	-	-	-	J	-
3. Subtotal ACA Risk Corridors Program		-	-	-	-	-	-	-	-		-
d. Total for ACA risk Sharing Provisions		12,114,693	(12,228,773)	7,445,611	(25,870,028)	4,669,082	13,641,255	(3,356,624)	(13,641,255)		1,312,458

Explanations of Adjustments:

- A The premium adjustments receivable under the permanent ACA Risk Adjustment program represents a change in previously estimated amounts to reflect the final settlement notification for the year ended December 31, 2016.
- B The premium adjustments payable under the permanent ACA Risk Adjustment program represents a change in previously estimated amounts to reflect the final settlement notification for the year ended December 31, 2016.
- C The adjustment for amounts recoverable for claims paid reflects a revised amount based on actual loss experience as of March 31, 2017.

(4) Roll-Forward of Risk Corridors Asset and Liability Balances by Program Benefit Year:

		Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments		Unsettled Balances as of the Reporting Date	
						Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances	Cumulative Balance from Prior Years (Col 1-3+7)	Cumulative Balance from Prior Years (Col 2-4+8)
		1	2	3	4	5	6	7	8	9	10
		Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable (Payable)
Risk Corridors Program Year:											
2014	1. Accrued Retrospective premium	0	0	0	0	0	0	0	0	A	0
	2. Reserve for rate credits or policy experience rating refunds	0	0	0	0	0	0	0	0	B	0
2015	1. Accrued Retrospective premium	0	0	0	0	0	0	0	0	C	0
	2. Reserve for rate credits or policy experience rating refunds	0	0	0	0	0	0	0	0	D	0
2016	1. Accrued Retrospective premium	0	0	0	0	0	0	0	0	E	0
	2. Reserve for rate credits or policy experience rating refunds	0	0	0	0	0	0	0	0	F	0
Total for Risk Corridor		0	0	0	0	0	0	0	0		0

(5) ACA Risk Corridors Receivable as of Reporting Date:

Risk Corridors Program Year:	(A) Estimated Amount to be Filed or Final Amount Filed with CMS	(B) Non-Accrued Amounts for Impairment or Other reasons	(C) Amounts received from CMS	(D)=(A)-(B)-(C) Asset Balance (Gross of Non-admission)	(E) Non-admitted Amount	(F)=(D)-(E) Net Admitted Asset
2014	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2015	0	0	0	0	0	0
2016	9,883,052	9,883,052	0	0	0	0
Total	\$ 9,883,052	\$ 9,883,052	\$ 0	\$ 0	\$ 0	\$ 0

Harvard Pilgrim estimated it was entitled to \$9.8 million under the 2016 Risk Corridor program for the year ended December 31, 2016. This represents a decrease from the \$36 million the Company estimated it was entitled to as of December 31, 2016, and reflects the final settlement of the 2016 risk adjustment program. Harvard Pilgrim considered the most recent and reliable information in its estimate of the collectability of the ACA Risk Corridor Program. Due to the lack of appropriation for this program by the Federal Government, Harvard Pilgrim has not recognized this receivable as the timing of the payment is uncertain.

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves, net of healthcare receivables, as of December 31, 2016 were \$138.1 million. As of December 31, 2017, \$112.6 million has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior year's net of health care receivables are \$8.8 million. Therefore, there has been a \$16.7 million favorable prior-year development since December 31, 2016. The favorable development is generally a result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Harvard Pilgrim does not have any retrospectively rated policies. There have been no changes in the methodologies and assumptions used in calculating the liability for unpaid losses and loss adjustment expenses.

26. Intercompany Pooling Arrangements

Harvard Pilgrim does not have intercompany pooling arrangements.

27. Structured Settlements

Not applicable.

28. Health Care Receivables

A. Pharmaceutical rebate receivables:

Quarter	Estimated Pharmacy Rebates as Reported on Financial	Pharmacy Rebates as Billed or Otherwise	Confirmed Actual Rebates Received within 90 days of Billing	Actual Rebates Received within 91 to 180 days of Billing	Actual Rebates Received More Than 180 days After Billing
12/31/2017	12,265,467				
09/30/2017	12,478,946	12,924,187	315,011		-
06/30/2017	13,310,378	13,310,378	12,001,114	835,052	-
03/31/2017	12,977,636	12,977,636	12,173,975	576,515	159,502
12/31/2016	13,119,396	13,241,856	11,674,506	1,378,207	270,935
09/30/2016	11,956,967	12,304,991	9,840,058	1,694,279	188,570
06/30/2016	11,285,062	11,480,379	10,877,608	511,224	109,429
03/31/2016	11,765,692	11,998,253	11,501,791	495,579	17,269
12/31/2015	10,609,210	9,876,257	10,013,312	855,890	226,705
09/30/2015	9,818,658	9,744,490	8,243,053	1,528,646	23,337
06/30/2015	10,439,465	10,248,036	9,436,074	811,963	58,613
03/31/2015	8,119,290	9,144,650	8,222,635	833,873	107,933

B. Risk sharing receivables – None

Calendar Year	Evaluation Period Year Ending	Risk Sharing Receivable as Estimated in the Prior Year	Risk Sharing Receivable as Estimated in the Current Year	Risk Sharing Receivable Billed	Risk Sharing Receivable Not Yet Billed	Actual Risk Sharing Amounts Received in Year Billed	Actual Risk Sharing Amounts Received First Year Subsequent	Actual Risk Sharing Amounts Received Second Year Subsequent	Actual Risk Sharing Amounts Received - All Other
2017	2017	4,800,176	2,509,832	3,960,674	-	1,450,842	-		
	2018	XXX	548,539	XXX	XXX	XXX	XXX		
2016	2016	-	-	-	-	-	-		
	2017	XXX	4,800,176	XXX	XXX	XXX	XXX	XXX	XXX
2015	2015	-	-	-	-	-	-		
	2016	XXX	-	XXX	XXX	XXX	XXX	XXX	XXX

29. Participating Policies

Harvard Pilgrim does not have any participating policies.

30. Premium Deficiency Reserves

- 1) Liability carried for premium deficiency reserves
- \$2,424,230
- 2) Date of the most recent evaluation of this liability
- 12/31/2017
- 3) Was anticipated investment income utilized in the calculation?
- Yes [X] No []

31. Anticipated Salvage and Subrogation

For the years ended December 31, 2017 and 2016 there was no anticipated salvage or subrogation in the determination of the liability for unpaid claims.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?
If yes, complete Schedule Y, Parts 1, 1A and 2

Yes [X] No []

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] N/A []

1.3

State Regulating?

Massachusetts

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]

2.2

If yes, date of change:

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2016

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2013

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

07/06/2015

3.4

By what department or departments?
Massachusetts Division of Insurance

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes [] No [] N/A [X]

3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [] No [] N/A [X]

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business?
4.12 renewals?

Yes [] No [X]
Yes [] No [X]

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business?
4.22 renewals?

Yes [] No [X]
Yes [] No [X]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]

5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]

7.2

If yes,
7.21 State the percentage of foreign control;
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Deloitte & Touche LLP, 200 Berkeley Street, Boston, MA 02116
- 10.1

Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes [] No [X]
- 10.2

If the response to 10.1 is yes, provide information related to this exemption:
- 10.3

Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation?

Yes [] No [X]
- 10.4

If the response to 10.3 is yes, provide information related to this exemption:
- 10.5

Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes [X] No [] N/A []
- 10.6

If the response to 10.5 is no or n/a, please explain
11.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Brian Lewis, Appointed Actuary, Harvard Pilgrim Health Care, Inc., 93 Worcester Street, Wellesley, MA 02481
- 12.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [X] No []
- 12.11

Name of real estate holding company

Prime Property Fund, LLC
- 12.12

Number of parcels involved

371
- 12.13

Total book/adjusted carrying value

\$ 37,654,126
- 12.2

If, yes provide explanation:
13.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 13.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 13.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No []
- 13.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No []
- 13.4

If answer to (13.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] N/A []
- 14.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes [X] No []
- (a)

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b)

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c)

Compliance with applicable governmental laws, rules and regulations;
- (d)

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e)

Accountability for adherence to the code.
- 14.11

If the response to 14.1 is No, please explain:
- 14.2

Has the code of ethics for senior managers been amended?

Yes [] No [X]
- 14.21

If the response to 14.2 is yes, provide information related to amendment(s).
- 14.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [] No [X]
- 14.31

If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

- | 1
American Bankers Association (ABA) Routing Number | 2
Issuing or Confirming Bank Name | 3
Circumstances That Can Trigger the Letter of Credit | 4
Amount |
|--|--------------------------------------|--|-------------|
| | | | |

16.	Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?	Yes [X]	No []
17.	Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?	Yes [X]	No []
18.	Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person?	Yes [X]	No []

19.	Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?		Yes [] No [X]
20.1	Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):	20.11 To directors or other officers.....	\$
		20.12 To stockholders not officers.....	\$
		20.13 Trustees, supreme or grand (Fraternal Only)	\$
20.2	Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):	20.21 To directors or other officers.....	\$
		20.22 To stockholders not officers.....	\$
		20.23 Trustees, supreme or grand (Fraternal Only)	\$
21.1	Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?		Yes [] No [X]
21.2	If yes, state the amount thereof at December 31 of the current year:	21.21 Rented from others.....	\$
		21.22 Borrowed from others.....	\$
		21.23 Leased from others	\$
		21.24 Other	\$
22.1	Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?		Yes [X] No []
22.2	If answer is yes:	22.21 Amount paid as losses or risk adjustment \$	12,301,412
		22.22 Amount paid as expenses	\$
		22.23 Other amounts paid	\$
23.1	Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?		Yes [X] No []
23.2	If yes, indicate any amounts receivable from parent included in the Page 2 amount:		\$

24.01	Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03).....	Yes [X] No []
24.02	If no, give full and complete information relating thereto	
24.03	For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)	
24.04	Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?	Yes [] No [] N/A [X]
24.05	If answer to 24.04 is yes, report amount of collateral for conforming programs.	\$
24.06	If answer to 24.04 is no, report amount of collateral for other programs.	\$
24.07	Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?	Yes [] No [] N/A [X]
24.08	Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?	Yes [] No [] N/A [X]
24.09	Does the reporting entity or the reporting entity 's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending?	Yes [] No [] N/A [X]

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Harvard Pilgrim Health Care, Inc.

GENERAL INTERROGATORIES

24.10 For the reporting entity’s security lending program state the amount of the following as December 31 of the current year:

24.101	Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.	\$	0
24.102	Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.	\$	0
24.103	Total payable for securities lending reported on the liability page.	\$	0

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes ☒ No ☐

25.2	If yes, state the amount thereof at December 31 of the current year:	25.21 Subject to repurchase agreements	\$	
		25.22 Subject to reverse repurchase agreements	\$	
		25.23 Subject to dollar repurchase agreements	\$	
		25.24 Subject to reverse dollar repurchase agreements	\$	
		25.25 Placed under option agreements	\$	
		25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$	
		25.27 FHLB Capital Stock	\$	1,621,500
		25.28 On deposit with states	\$	3,371,184
		25.29 On deposit with other regulatory bodies	\$	
		25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$	
		25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$	33,531,355
		25.32 Other	\$	497,959

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
MHEFA Debt Service Agreement	Amounts held to comply with requirements of debt service agreement	497,959

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes ☐ No ☒

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes ☐ No ☐ N/A ☒
If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes ☐ No ☒

27.2 If yes, state the amount thereof at December 31 of the current year. \$

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes ☒ No ☐

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
BANK OF AMERICA, N.A. , GLOBAL CUSTODY & AGENCY SOLUTIONS	150 N. COLLEGE ST. , CHARLOTTE, NC 28255

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes ☐ No ☒

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

GENERAL INTERROGATORIES

28.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts"; "...handle securities"]

1 Name of Firm or Individual	2 Affiliation
DEUTSCHE INVESTMENT MANAGEMENT AMERICAS INC.	U.....
FIDELITY MANAGEMENT & RESEARCH COMPANY	U.....
THE VANGUARD GROUP, INC.	U.....
T. ROWE PRICE SERVICES, INC. FINANCIAL INSTITUTIONS SERVICES	U.....
PRINCIPAL REAL ESTATE INVESTORS LLC	U.....
MORGAN STANLEY REAL ESTATE ADVISOR, INC.	U.....
AUDAX GROUP	U.....
HLM MANAGEMENT CO., LLC	U.....
BARINGS	U.....
LEERINK PARTNERS LLC	U.....
.....

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets?..... Yes ☒ No ☐

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets?..... Yes ☐ No ☒

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
104518	DEUTSCHE INVESTMENT MANAGEMENT AMERICAS, INC.	CZ83K4EEEX8QVCT3B128	Securities and Exchange Commission ...	DS.....
108281	FIDELITY MANAGEMENT & RESEARCH COMPANY	Z26LT2N3N013KK7Y9Z32	Securities and Exchange Commission ...	DS.....
105958	THE VANGUARD GROUP, INC	22FEKWGAFY38KJJVTQ65	Securities and Exchange Commission ...	DS.....
109008	PRINCIPAL REAL ESTATE INVESTORS LLC	549300BAB10ZPCNHMB89	Securities and Exchange Commission ...	DS.....
106006	BARINGS	ANDKRHQKPRRG4Q2KLR05	Securities and Exchange Commission ...	DS.....
159458	AUDAX GROUP	none	Securities and Exchange Commission ...	DS.....
162337	HLM MANAGEMENT CO., LLC	none	Securities and Exchange Commission ...	DS.....
105496	T. ROWE PRICE SERVICES, INC. FINANCIAL INSTITUTIONS SERVICES	549300JG032NW87WKH73	Securities and Exchange Commission ...	DS.....
127488	MORGAN STANLEY REAL ESTATE ADVISOR, INC.	549300N35MH5UNDKUZ51	Securities and Exchange Commission ...	DS.....
39011	LEERINK PARTNERS LLC	549300AAH7U76CEUB194	Securities and Exchange Commission ...	DS.....
.....

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])?..... Yes ☒ No ☐

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
77958B-40-2	T. ROWE PRICE INST FLT RATE MF	11,996,416
921943-88-2	VANGUARD DEV MKT; INST	49,135,098
922031-76-0	VANGUARD HGH YLD CORPORATE CL ADM MF	12,343,903
922040-10-0	VANGUARD CL INST INDEX MF	70,273,875
922908-87-6	VANGUARD INX TRS SML INX CL INST MF	17,502,560
29.2999 - Total		161,251,852

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
T. ROWE PRICE INST FLT RATE MF	TRP GOVERNMENT RESERVE	935,582	12/31/2017 ...
T. ROWE PRICE INST FLT RATE MF	ASURION LLC	345,502	12/31/2017 ...
T. ROWE PRICE INST FLT RATE MF	ALTICE FINANCING	170,869	12/31/2017 ...
T. ROWE PRICE INST FLT RATE MF	FIRST DATA CORP	166,127	12/31/2017 ...
T. ROWE PRICE INST FLT RATE MF	KRONOS INC.	158,972	12/31/2017 ...
VANGUARD DEV MKT; INST	ROYAL DUTCH	688,227	12/31/2017 ...
VANGUARD DEV MKT; INST	SAMSUNG	663,600	12/31/2017 ...
VANGUARD DEV MKT; INST	NESTLE	659,692	12/31/2017 ...
VANGUARD DEV MKT; INST	HSBC	512,838	12/31/2017 ...
VANGUARD DEV MKT; INST	NOVARTIS	462,368	12/31/2017 ...
VANGUARD HGH YLD CORPORATE CL ADM MF	UNITED STATES TREASURY	568,074	12/31/2017 ...
VANGUARD HGH YLD CORPORATE CL ADM MF	SPRINT CORP	366,427	12/31/2017 ...
VANGUARD HGH YLD CORPORATE CL ADM MF	DISH DBS CORP	260,940	12/31/2017 ...
VANGUARD HGH YLD CORPORATE CL ADM MF	HCA INC	247,255	12/31/2017 ...
VANGUARD HGH YLD CORPORATE CL ADM MF	FIRST DATA CORP	239,936	12/31/2017 ...
VANGUARD CL INST INDEX MF	APPLE INC	2,676,652	12/31/2017 ...
VANGUARD CL INST INDEX MF	MICROSOFT CORP	2,032,887	12/31/2017 ...
VANGUARD CL INST INDEX MF	ALPHABET INC	1,940,230	12/31/2017 ...
VANGUARD CL INST INDEX MF	AMAZONCOM INC	1,440,901	12/31/2017 ...
VANGUARD CL INST INDEX MF	FACEBOOK INC A	1,296,372	12/31/2017 ...
VANGUARD INX TRS SML INX CL INST MF	DIAMONDBACK ENER	60,799	12/31/2017 ...
VANGUARD INX TRS SML INX CL INST MF	XPO LOGISTICS IN	53,888	12/31/2017 ...
VANGUARD INX TRS SML INX CL INST MF	BROADRIDGE FINL	52,210	12/31/2017 ...
VANGUARD INX TRS SML INX CL INST MF	CDW CORP/DE	52,208	12/31/2017 ...

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Harvard Pilgrim Health Care, Inc.

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
VANGUARD INX TRS SML INX CL INST MF	NRG	51,050	12/31/2017 ...

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	282,232,057	283,941,260	1,709,203
30.2 Preferred stocks	0		0
30.3 Totals	282,232,057	283,941,260	1,709,203

30.4 Describe the sources or methods utilized in determining the fair values:
Harvard Pilgrim Health Care, Inc. obtains fair values from the NAIC Securities Valuation Office (SVO) approved pricing agency (S&P), and if not available, market values are obtained from independent third party pricing vendors.

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
.....

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes [X] No []

32.2 If no, list exceptions:
.....

ANNUAL STATEMENT FOR THE YEAR 2017 OF THE Harvard Pilgrim Health Care, Inc.

GENERAL INTERROGATORIES

33. By self-designating 5*GI securities, the reporting entity is certifying the following elements of each self-designated 5*GI security:
- a. Documentation necessary to permit a full credit analysis of the security does not exist.
 - b. Issuer or obligor is current on all contracted interest and principal payments.
 - c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

Has the reporting entity self-designated 5*GI securities? Yes [] No [X]

OTHER

34.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?\$1,104,943

34.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Massachusetts Association of Health Plans .....	.....780,104
.....

35.1 Amount of payments for legal expenses, if any?\$1,521,175

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Ropes & Gray LLP .....	.....506,103
.....

36.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?\$523,600

36.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
Rasky Baerlein Strategic Communications .....	.....185,400
.....

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2

If yes, indicate premium earned on U.S. business only.

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$

1.5

Indicate total incurred claims on all Medicare Supplement Insurance.

\$0

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$0

1.62

Total incurred claims

\$0

1.63

Number of covered lives

0

All years prior to most current three years:

1.64

Total premium earned

\$0

1.65

Total incurred claims

\$0

1.66

Number of covered lives

0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$0

1.72

Total incurred claims

\$0

1.73

Number of covered lives

0

All years prior to most current three years:

1.74

Total premium earned

\$0

1.75

Total incurred claims

\$0

1.76

Number of covered lives

0

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

1,647,130,015

1,773,056,585

2.2

Premium Denominator

1,647,130,015

1,773,056,585

2.3

Premium Ratio (2.1/2.2)

1.000

1.000

2.4

Reserve Numerator

166,552,869

176,555,676

2.5

Reserve Denominator

166,552,869

176,555,676

2.6

Reserve Ratio (2.4/2.5)

1.000

1.000

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No []

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [] No []

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [X] No []

5.2

If no, explain:

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$1,500,000

5.32

Medical Only

\$

5.33

Medicare Supplement

\$

5.34

Dental & Vision

\$

5.35

Other Limited Benefit Plan

\$

5.36

Other

\$

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
Hold harmless wording in provider contracts

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [X] No []

7.2

If no, give details

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

79,113

8.2

Number of providers at end of reporting year

81,621

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [X] No []

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months

\$1,916,759

9.22

Business with rate guarantees over 36 months

\$

GENERAL INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [X] No []

10.2 If yes:

10.21 Maximum amount payable bonuses.....\$

10.22 Amount actually paid for year bonuses.....\$

10.23 Maximum amount payable withholds.....\$

10.24 Amount actually paid for year withholds.....\$

27,326,481

25,749,072

7,411,713

6,692,144

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

11.13 An Individual Practice Association (IPA), or, .

11.14 A Mixed Model (combination of above)?

Yes [] No [X]

Yes [X] No []

Yes [] No [X]

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes [X] No []

11.3 If yes, show the name of the state requiring such minimum capital and surplus. Massachusetts

11.4 If yes, show the amount required.\$ 91,225,201

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [X] No []

11.6 If the amount is calculated, show the calculation

(1) Show net worth of \$1,000,000; Actual net worth = \$477,807,504

(2) 2 % of annual premium revenues as reported on the most recent annual financial statement filed with the commissioner on the first \$150,000,000 of premium and 1% of annual premium on the premium in excess of \$150,000,000; or Total premium = \$1,647,130,015; (2% of the first \$150,000,000 = \$3,000,000) + (1% of (\$1,647,130,015 - \$150,000,000 = \$1,497,130,015) =\$14,971,300) = \$17,971,300

(3) An amount equal to the sum of 3 months uncovered health care expenditures as reported on the most recent financial statement filed with the commissioner: Harvard Pilgrim did not report any uncovered expenditures.

(4) An amount equal to the sum of:

(i) 8 percent of annual health care expenditures except those paid on a capitated basis or managed hospital payment basis as reported on the most recent financial statement filed with the commissioner; and

(ii) 4% of annual hospital expenditures paid on a managed hospital pyament basis as reported on the most recent financial statement filed with the commissioner.

Adjusted annual health care expenditures of \$1,011,259,502 at 8% = \$80,900,760 + adjusted hospital expenditures of \$258,111,015 at 4% = \$10,324,441 = Minimun Net Worth Requirement of \$91,225,201

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Massachusetts
Maine
.....

13.1 Do you act as a custodian for health savings accounts? Yes [] No [X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date.\$

13.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

13.4 If yes, please provide the balance of funds administered as of the reporting date.\$

14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes [] No [] N/A [X]

14.2 If the answer to 14.1 is yes, please provide the following:

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other
.....

15. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded):

15.1 Direct Premium Written

15.2 Total Incurred Claims

15.3 Number of Covered Lives

\$

\$

*Ordinary Life Insurance Includes
Term(whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without secondary gurarantee)
Universal Life (with or without secondary gurarantee)
Variable Universal Life (with or without secondary gurarantee)

FIVE-YEAR HISTORICAL DATA

	1 2017	2 2016	3 2015	4 2014	5 2013
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	917,833,886	916,793,599	930,556,459	921,573,766	853,527,956
2. Total liabilities (Page 3, Line 24)	440,026,382	459,991,542	472,438,350	372,920,733	356,916,405
3. Statutory minimum capital and surplus requirement	91,225,201	98,855,723	93,480,206	86,510,484	93,915,106
4. Total capital and surplus (Page 3, Line 33)	477,807,504	456,802,057	458,118,109	548,653,033	496,611,551
Income Statement (Page 4)					
5. Total revenues (Line 8)	1,647,130,015	1,782,281,937	1,684,069,694	1,645,146,781	1,785,956,697
6. Total medical and hospital expenses (Line 18)	1,461,872,357	1,583,113,266	1,507,557,123	1,414,770,344	1,562,224,566
7. Claims adjustment expenses (Line 20)	44,379,742	41,288,558	40,534,682	45,986,156	49,243,498
8. Total administrative expenses (Line 21)	161,601,313	179,728,391	188,106,887	190,481,193	175,092,431
9. Net underwriting gain (loss) (Line 24)	(21,487,919)	(21,155,725)	(53,253,203)	(7,318,969)	(603,798)
10. Net investment gain (loss) (Line 27)	20,889,458	48,594,832	27,435,499	28,147,360	14,623,386
11. Total other income (Lines 28 plus 29)	(7,645,715)	(8,986,085)	(9,391,870)	(6,545,411)	(2,515,395)
12. Net income or (loss) (Line 32)	(8,244,176)	18,453,022	(35,209,573)	14,282,980	11,504,193
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	14,311,224	60,492,739	(14,890,465)	68,131,830	(2,031,248)
Risk-Based Capital Analysis					
14. Total adjusted capital	477,807,504	456,802,057	458,118,109	548,653,033	496,611,551
15. Authorized control level risk-based capital	104,710,656	99,128,727	93,571,740	83,247,922	79,992,239
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	250,138	287,462	304,395	298,029	328,793
17. Total members months (Column 6, Line 7)	3,157,512	3,633,400	3,637,679	3,599,641	4,020,702
Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	88.8	88.8	89.5	86.0	87.5
20. Cost containment expenses	1.2	1.0	1.2	1.2	0.6
21. Other claims adjustment expenses	1.5	1.3	1.3	1.6	2.1
22. Total underwriting deductions (Line 23)	101.3	101.2	103.2	100.4	100.0
23. Total underwriting gain (loss) (Line 24)	(1.3)	(1.2)	(3.2)	(0.4)	0.0
Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	121,409,808	114,960,324	114,554,368	105,298,364	146,852,297
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	138,143,711	131,777,520	121,616,477	136,718,040	168,466,441
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)				0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	213,577,314	180,518,098	81,351,707	78,082,207	59,762,842
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate					
31. All other affiliated		29,660,394	83,383,638	73,122,132	
32. Total of above Lines 26 to 31	213,577,314	210,178,492	164,735,345	151,204,339	59,762,842
33. Total investment in parent included in Lines 26 to 31 above.					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [] No []

If no, please explain:

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories										
			1	Direct Business Only						
				2	3	4	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
States, etc.			Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX				
1.	Alabama	AL	N							.0
2.	Alaska	AK	N							.0
3.	Arizona	AZ	N							.0
4.	Arkansas	AR	N							.0
5.	California	CA	N							.0
6.	Colorado	CO	N							.0
7.	Connecticut	CT	N							.0
8.	Delaware	DE	N							.0
9.	District of Columbia	DC	N							.0
10.	Florida	FL	N							.0
11.	Georgia	GA	N							.0
12.	Hawaii	HI	N							.0
13.	Idaho	ID	N							.0
14.	Illinois	IL	N							.0
15.	Indiana	IN	N							.0
16.	Iowa	IA	N							.0
17.	Kansas	KS	N							.0
18.	Kentucky	KY	N							.0
19.	Louisiana	LA	N							.0
20.	Maine	ME	L	290,458,019	9,345,452				299,803,471	
21.	Maryland	MD	N							.0
22.	Massachusetts	MA	L	1,293,391,532	54,697,818				1,348,089,350	
23.	Michigan	MI	N							.0
24.	Minnesota	MN	N							.0
25.	Mississippi	MS	N							.0
26.	Missouri	MO	N							.0
27.	Montana	MT	N							.0
28.	Nebraska	NE	N							.0
29.	Nevada	NV	N							.0
30.	New Hampshire	NH	N							.0
31.	New Jersey	NJ	N							.0
32.	New Mexico	NM	N							.0
33.	New York	NY	N							.0
34.	North Carolina	NC	N							.0
35.	North Dakota	ND	N							.0
36.	Ohio	OH	N							.0
37.	Oklahoma	OK	N							.0
38.	Oregon	OR	N							.0
39.	Pennsylvania	PA	N							.0
40.	Rhode Island	RI	N							.0
41.	South Carolina	SC	N							.0
42.	South Dakota	SD	N							.0
43.	Tennessee	TN	N							.0
44.	Texas	TX	N							.0
45.	Utah	UT	N							.0
46.	Vermont	VT	N							.0
47.	Virginia	VA	N							.0
48.	Washington	WA	N							.0
49.	West Virginia	WV	N							.0
50.	Wisconsin	WI	N							.0
51.	Wyoming	WY	N							.0
52.	American Samoa	AS	N							.0
53.	Guam	GU	N							.0
54.	Puerto Rico	PR	N							.0
55.	U.S. Virgin Islands	VI	N							.0
56.	Northern Mariana Islands	MP	N							.0
57.	Canada	CAN	N							.0
58.	Aggregate other alien	OT	XXX	.0	.0	.0	.0	.0	.0	.0
59.	Subtotal		XXX	1,583,849,551	64,043,270	.0	.0	.0	1,647,892,821	.0
60.	Reporting entity contributions for Employee Benefit Plans		XXX							.0
61.	Total (Direct Business)	(a)	2	1,583,849,551	64,043,270	0	0	0	1,647,892,821	0
DETAILS OF WRITE-INS										
58001.			XXX							
58002.			XXX							
58003.			XXX							
58998.	Summary of remaining write-ins for Line 58 from overflow page		XXX	.0	.0	.0	.0	.0	.0	.0
58999.	Totals (Lines 58001 through 58003 plus 58998)(Line 58 above)		XXX	0	0	0	0	0	0	0

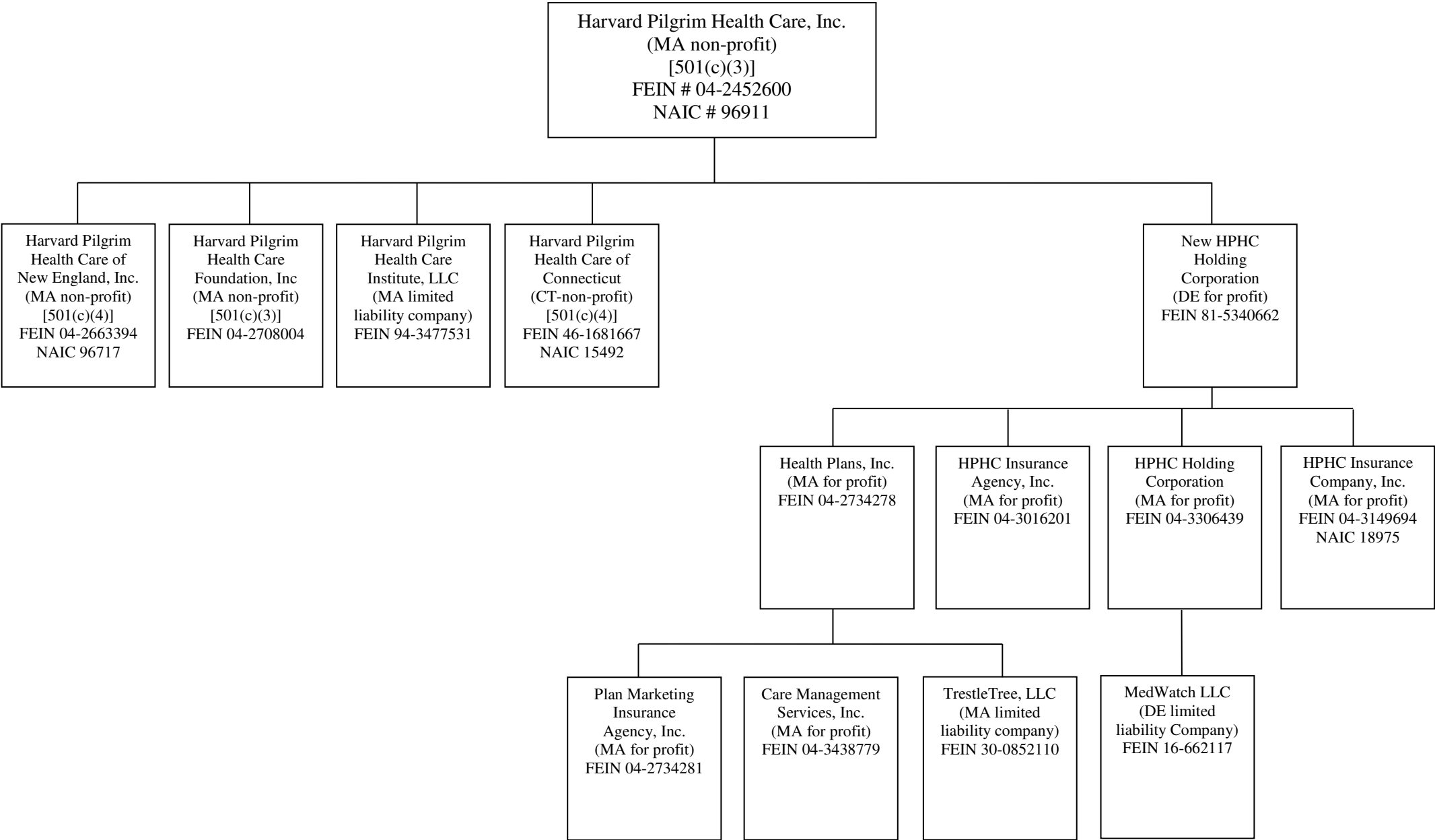
(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc.

For individual members Harvard Pilgrim allocates premium based on the member's residence. For group members Harvard Pilgrim allocates premium based on the group situs.

(a) Insert the number of L responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Assets Line 11

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1104.			0	0
1197. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0

Additional Write-ins for Assets Line 25

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504.			0	0
2597. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0

Additional Write-ins for Exhibit of Nonadmitted Assets Line 25

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
2504.		0	0
2597. Summary of remaining write-ins for Line 25 from overflow page	0	0	0

NONE

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